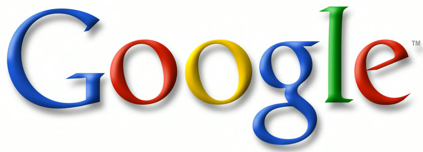

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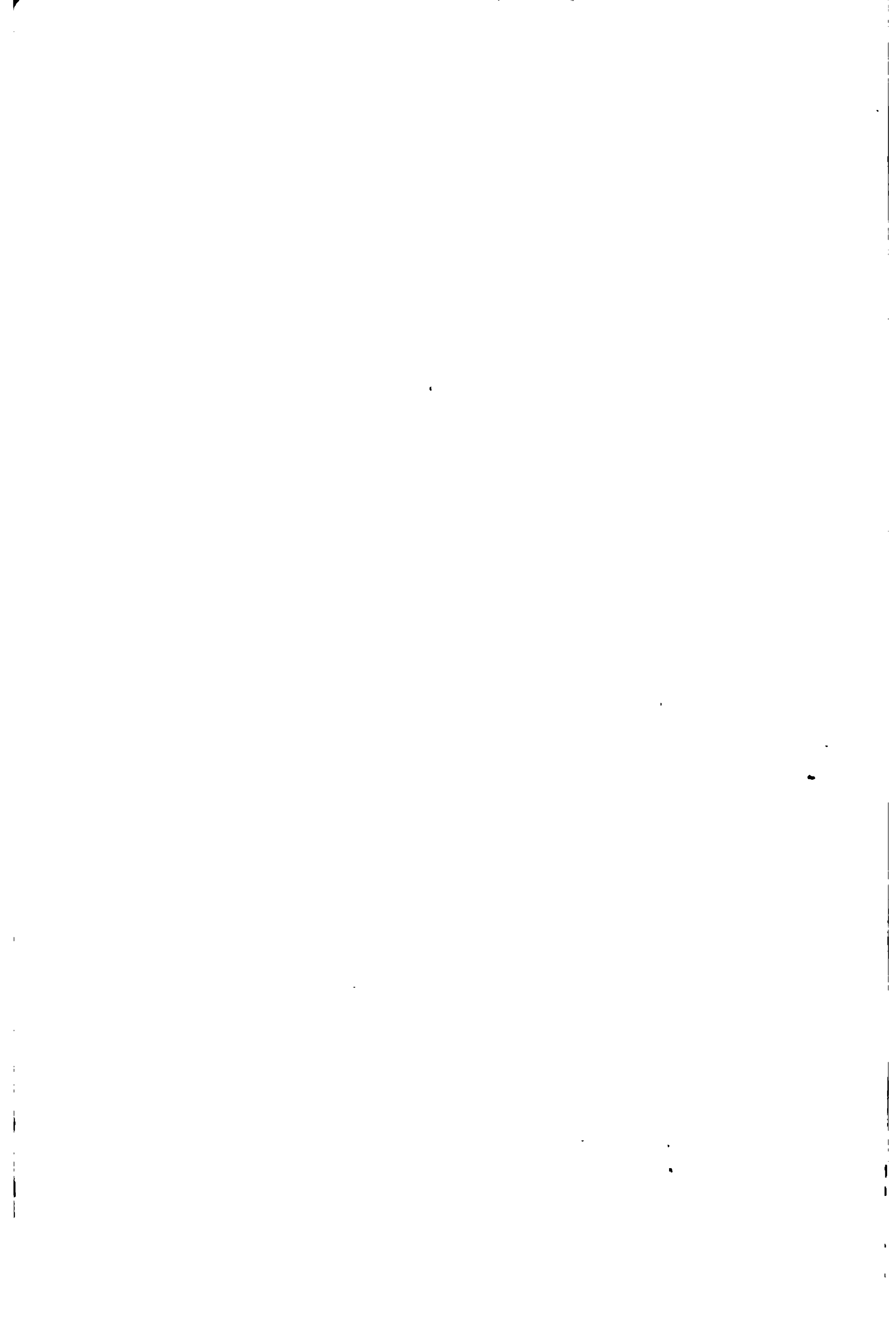

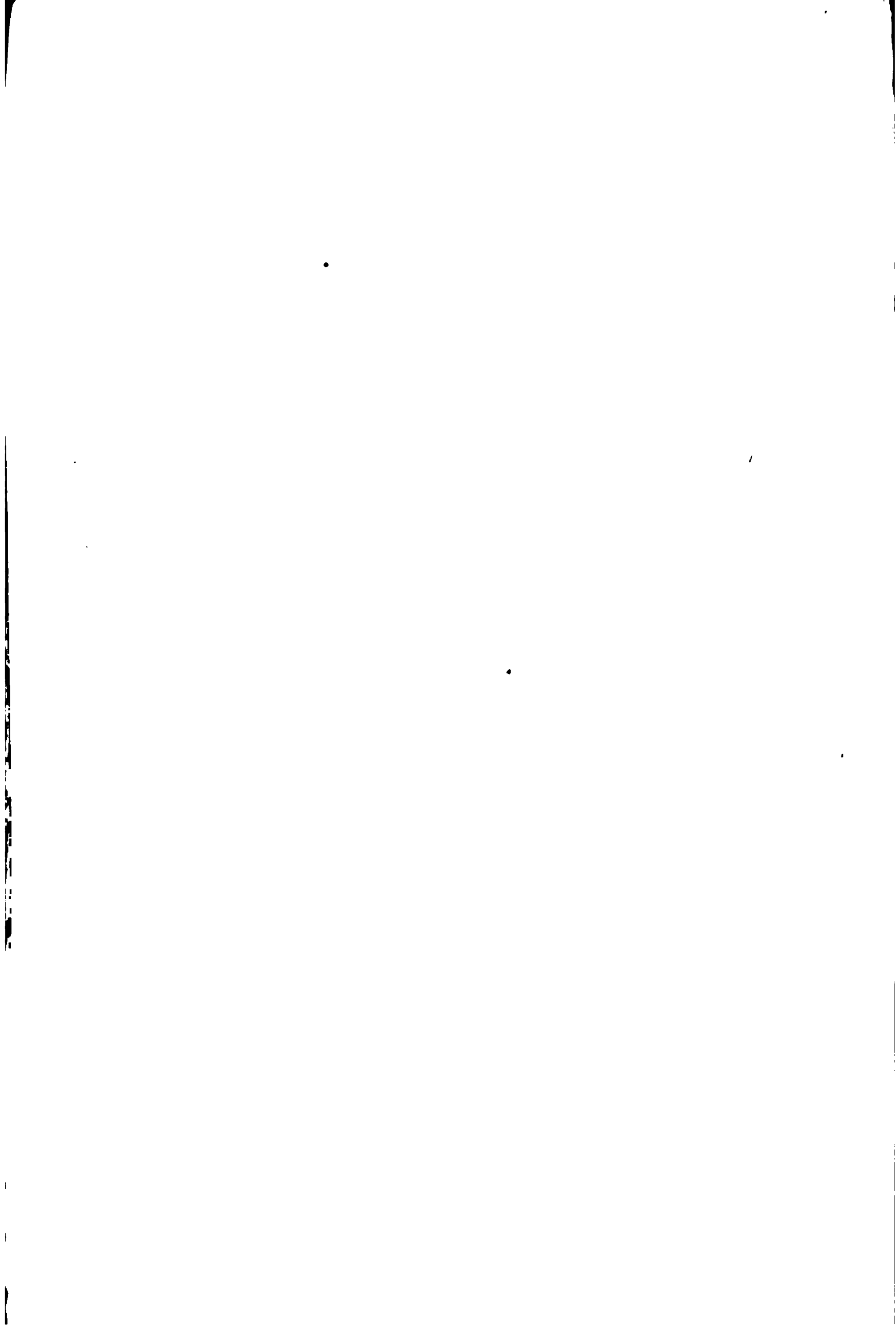

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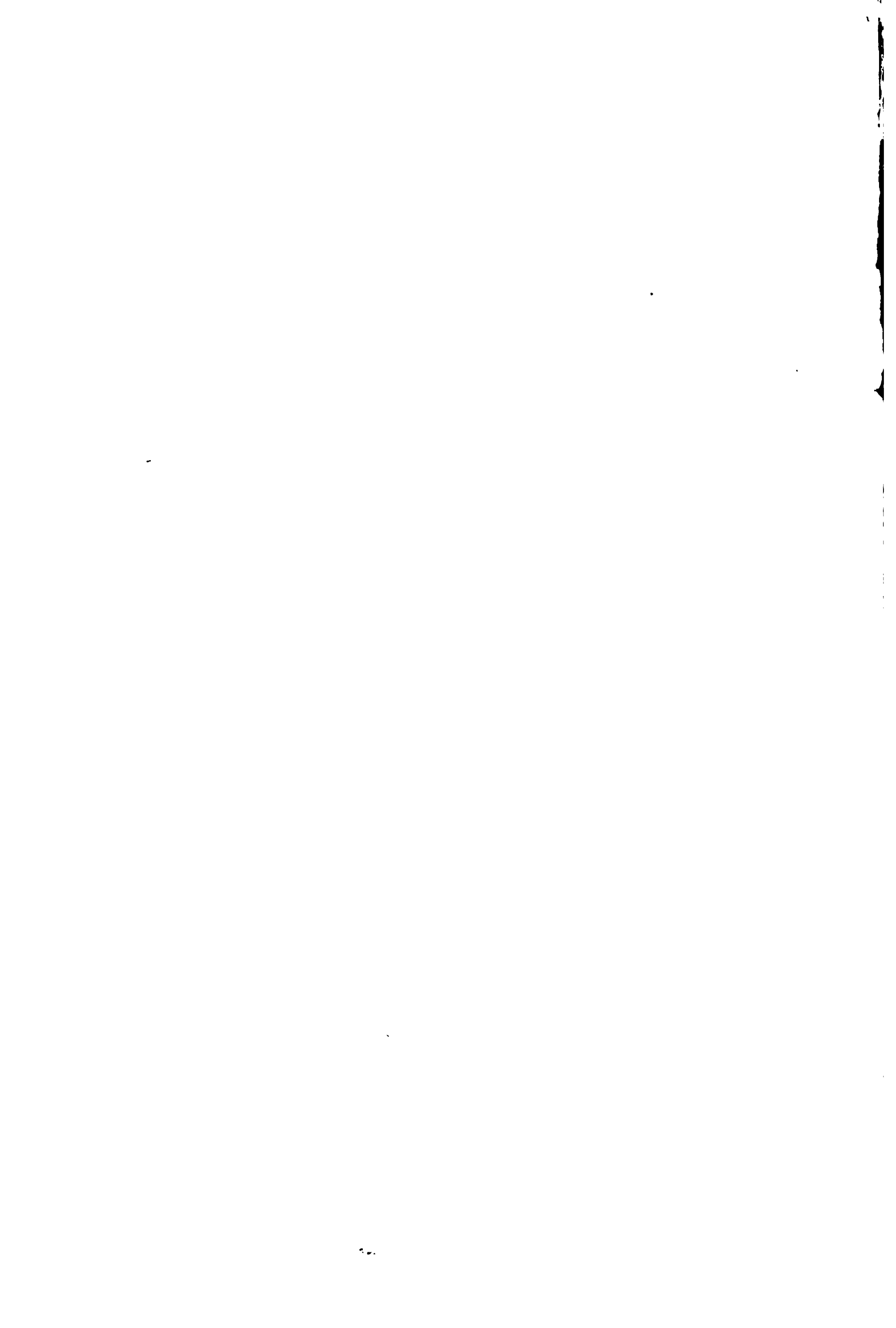

THE ARMY

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ON THE REFORM OF THE ARMY

A Speech Delivered in Parliament, 8th March 1906

I RISE upon this Motion to make the statement which is customary about the policy of the Army in the ensuing year—the year which lies in front of us—and I address the House with unfeigned diffidence. My predecessors, or many of them, have been people of great military knowledge. Never did a Minister rise to address this House on subjects connected with his Department with less prepossession. Whether that is a merit or not, it has at least enabled me to approach the consideration of the questions which I had to face in the beginning of last December with an open mind.

Since that time I have busied myself, I think I may say unremittingly, in consultation with the best expert opinion I could obtain, in considering the situation. It is not a very easy situation. It is not one in which I feel very happy in laying it before the House. The path is spread with difficulties. Nobody realises more than my predecessor in office how difficult the position of a War Minister is in taking up the affairs of the Army at this juncture; but so far as the question of expenditure is concerned, while I cannot comfort the House by saying that the expenditure of this country is otherwise than enormous, it may to some extent assuage our grief to think that we do not stand alone in this situation. German military expenditure has risen in the last eleven years some 25 per cent., and now stands at £31,000,000, as against our £30,000,000. The French military expenditure is

some £29,000,000, an increase of 7 per cent. The United States, a very efficient nation, confine themselves to a Regular Army of some 60,000 men; but that Regular Army, I am sorry to say, costs that very efficient people close upon £23,000,000 sterling. In view of the situation, what I have felt to be my duty was this—to face the question as a business man and endeavour to disentangle what the real situation was, and to lay it candidly and fully before the House of Commons. Let me say at once—and this is the only personal reference that I have to make—that I have found my task a fascinating one. There is no part of the question connected with the Army which does not possess peculiar interest. To any one coming to it new the great science which has been evolved in the last few years and which has taken the place of the old art of war, the science of military organisation, is in itself a matter of profound interest. The men one comes across, the new school of young officers—entitled to the appellation of men of science just as much as engineers or chemists—were to me a revelation; and the whole question of the organisation of the Army is fraught with an interest which, I think, is not behind that of the study of any other scientific problem. But the matter does not stop there. The Army touches social questions in the closest way. The relations of capital and labour, the whole problem of education, the topic of temperance, the science of medicine, questions relating to the Empire—and I am one of those who are not ashamed to say they take the deepest interest in them—and, last, but not least, the science of economy: these are topics which in themselves are very attractive. I have endeavoured in the three months which have been at my disposal, with the best assistance I could get, to make as complete a survey as I could of the situation,

not with the view of putting forward ready-made plans and schemes—nothing has been further from my intention—but with the idea, if it were possible, of putting my finger on the spot which is the source of the great expenditure to which the nation is committed.

Whether I have done that the House will judge after it has heard me; but in the survey I have applied this test and this only. I have rejected—and I should suggest that they ought to be rejected as unnecessary—all the things that do not make for fighting efficiency. Fighting efficiency is the one test to which we should submit propositions which arise at a time when we have none too much money. If we had Army Estimates of £50,000,000 a year to play with I could suggest many things which would be delightful and interesting; but if this Parliament has been returned pledged to anything, it is to cutting down unnecessary expenditure. I have therefore felt it my duty to scan the Estimates and our military policy with a view to seeing how much could be eliminated which did not make for fighting efficiency and fighting efficiency only. When we have to look into our household affairs we find often that we have to put down our carriages and horses and our champagne, and perhaps our cigars; and I am not sure that we are always the worse for the process.

Now, Sir, I shall come at once to what I have to put before the House of Commons, and in coming to it I wish to say this—I approach the problem with a sense of the enormous difficulties which my predecessors had to contend with and I have to contend with. The work of keeping down the cost of the Army cannot be the work of one Secretary of State or one Party only. It must be a continuous process. If you try to reduce the bulk of a patient by cutting off his leg, you may get down his weight, but you will not do him any good;

and if you meddle rashly with the complicated organisation on which your military policy depends, you will find, when your time is over, and when the swing of the pendulum brings in another set of Ministers, perhaps with different ideas, and perhaps under some popular impulse, that you return to the old state of things with a new avalanche of expenditure, and things are worse than they were before. Therefore it is my desire, as far as I can—though there are points, perhaps, on which we differ deeply—to try to keep up the continuity of things as far as the good work of my predecessors in office is concerned, and, on the other hand, to lay a foundation which all may accept.

Now, Sir, I come to the broad, bare facts of the situation. The Army Estimates are only £17,000 less than they were last year; and I can say that it was difficult enough to keep them at the figure at which they stood even in that year. I found myself face to face with what are called automatic increases to a very large and considerable extent. I am not talking of new services which, naturally, soldiers would have liked to carry out. Some of these new services were necessary, and we have effected those which were essential to fighting efficiency out of savings derived from automatic decreases, so that they have added nothing to standing charges. But we found there were automatic increases amounting to nearly £800,000. There is the increased cost of the Army Reserve, and you could no more get rid of that payment than you could get rid of the payment of interest on the debt of Consols. Then there is the increased charge for stores and clothing, due to the approaching exhaustion of surplus stocks from the late war. That amounted to the large sum of £290,000. We have been living upon surpluses. The right hon. Gentleman opposite was able last year to reduce his

Estimates by making use of some £500,000 worth of surplus clothing and other things. I, too, have been able to keep down the Estimates by £400,000, because there was a surplus available. Next year there will not be such a surplus; the surplus which arose from the war will be exhausted; yet the soldier has to be clothed. He must have his boots and shoes, and medicine and blankets; and the result will be that in that and items of the kind there will be an increase of no less than £500,000, which will have to be met somehow by further economies. We have been living far too much on borrowed money in the Army, and the difficulty of getting it down is a very formidable one for a Minister.

Then there is the increased charge for the service of loans—that is, for the payment by instalments of those sums borrowed under the Military Loans Act by our predecessors, and which we have to pay. Then there is the increased sum for pensions, rather more than half of which is for pensions for the rank and file. These amount in all to £597,000. Moreover, there was a windfall of which the Estimates of last year had the benefit, but from which my Estimates get no benefit. This was certain money which came from India for rifles and small arms ammunition for which we had contracted to pay. That brought the automatic increases over last year's figures to the sum of £780,000. I found myself face to face with that; but I went to the military experts and consulted them, and never had a Minister more reason to be grateful to his distinguished colleagues on the Army Council. They took the matter into their hands and in nine weeks they got rid of that £800,000, and they told me that the Army was as efficient for fighting purposes as it was before. I remember reading in the brilliant book written by my on. friend the Member for Manchester, the life of his

father, how Lord Randolph Churchill found himself face to face with the great difficulty of cutting down the Army and Navy expenditure. He tried to get rid of this or that extravagance, but the result was that every attempt at working out economy without the help of the experts landed him in two items of expenditure against every one of saving. I certainly have found no cause to repent of consulting the experts, nor have I anything else but a feeling of gratitude for the ready way in which they have met our efforts and taken on themselves the business of studying economy in the organisation and administration of the Army.

I pass now to the situation as it stands. As I have said, I have no cut-and-dried plan. To make plans in haste is to repent of them at leisure, and three months is too short a time for any one to produce a scheme; but I do not think it is too short a time in which to produce some sort of survey of the entire situation; and I think I have got something like a view of the situation which I wish to lay before the House. First of all, as regards increase of expenditure. In the year 1896-97 the Army Estimates were £18,156,000. In the present year my Estimates amount to £29,796,000. When you come to the reason for this you will find it partly in the increase in *personnel*. In 1896-97 the *personnel* under Vote A was 156,174, while to-day it stands at 204,100. If you pass from *personnel* to units you find that whereas in 1896-97 there were 142 battalions of the Line, to-day there are 156 battalions, a very substantial increase. And of these only seventy-one are at home against eighty-five abroad. Looking a little more closely into the details of the increase I find to-day that the Guards have been increased by three battalions and that fourteen battalions of the Line have been added between 1897-98 and the present time, that is to say, we have seventeen

more battalions to-day than we had at that time, and the whole increase of fourteen units of the Line has been used for the purposes of arrangements abroad. Two battalions were brought home last year—one from Halifax and the other from Bermuda—and I think the right hon. Gentleman opposite is to be congratulated on having got rid of the notion of those places as requiring anything like the defence to which they were thought to be necessarily entitled. The result is that there is a net increase of two battalions at home and twelve battalions abroad, the distribution being eighty-five battalions abroad and seventy-one at home; and if you take them from the point of view of *personnel*, you will find that to-day there are some 60,994 men of the infantry of the Line at home, and 83,292 abroad. In 1896 we had in South Africa some 6719 white troops. At the present day, on the first of this month we had 20,370. When you consider that no man in South Africa costs much under £150 a year, you will see what an enormously increased charge that is. There are increases of expenditure under other heads, such as for troops maintained abroad. In Egypt we have 4338 white troops; in Gibraltar, 5041; and in Malta, 9152. If the whole institution of the Army is dealt with, you will find that whereas in the year 1896 there were just under 35,000 white troops in the Colonies—I am not touching India—there are to-day 52,432, an increase of nearly 18,000. That being so, one sees very clearly where the sources of the rise of the cost of the Army have originated.

But the case does not stop with the increase in the number of men and of the battalions; the cost of keeping the men has gone up. We have increased the pay of the men. No doubt that is a very good thing to have done, although I am not quite sure that it has had a result upon recruiting such as we might have expected

from it. The increase of cost is pretty alarming to those who look at the Estimates with the view of seeing how they can be cut down. Whereas in 1896 the cost of the soldier was £63, this year the annual cost is £81. I am talking now of the Regulars. The officer to-day costs £484 as against £450 in 1896-97. That is a moderate increase in view of the increased cost of living. The Army Reserve costs £10, 5s. 10d. per man as against £9, 2s. in 1896-97. The Militia have gone up enormously. A Militiaman costs to-day £21, 19s. 3d. as against £13, 19s. in 1896-97. The Yeomanry cost £21, 5s. 2d. as against £11, 9s., and the Volunteers cost £7, 1s. 11d. as against £5, 2s. I am not expressing any opinion on these figures. I am only giving the House the facts with regard to them. A brief comparison of the Army Estimates taken as a whole in point of establishment shows that the number of the establishment has increased by 46,000 as compared with 1896-97, and the cost has increased by £5,999,000, that is to say by nearly £6,000,000. Other items have gone up, and if you take the gross total you find we are spending under various heads £11,742,000 more than we did in 1896-97, and the disappointing thing is that the increase is under every head. That is a very difficult state of things to deal with, and one which must give rise to a certain amount of irritation. We must proceed in this matter with the utmost circumspection and care. I do not profess to be able to put before the House any large or far-reaching plans for bringing about a reduction. I shall have some ideas to put before the House, but I draw a distinction between ideas and plans in this matter. I have only had three months to deal with this matter, and it is better to make only a survey now and proceed slowly and cautiously, because I feel that anything I do in a hurry is very likely to turn out wrong.

The first question that is likely to be put by the impatient man in the House and the impatient man in the street will be, "Why not reduce the number of battalions?" "You," they will say, "have had a great increase in the number of battalions of the Line; why do you not cut them down and reduce them?" There was a rumour the other day in the papers that I had decided to recommend the abolition of ten home battalions of the Line. I tried to describe that rumour correctly as a *nidus equinus*, which is a polite and classic way of calling it a "mare's nest." If I had decided to do anything of that kind it would have been in military eyes tantamount to insanity. For many years past we have been working in this country under what is called the Cardwell system, and the theory of this system is that the best way of training your recruits is to link your battalion at home with the battalion abroad. This means that one half of the regiment is abroad and the other half is practically in a depot where men are trained and passed out to India and the Colonies. India will not take recruits of less than twenty years of age, and it desires to have them sent out trained and finished. The result of our system of training is that our battalions at home in time of peace are nurseries or training schools for supplying troops to India and the Colonies. In time of war it is different. The Reserves are called out to fill up the home battalions, and the drafts to India would be stopped, and thus we should have an effective fighting force. We have in this country a short service system which operates at the present time as a much too short service system. We have abolished the three years' enlistment, which was one of the greatest mistakes ever made. We are still reaping the whirlwind, having sown the wind. At present the drain is enormous, but

if you take the other system of nine years with the colours and three with the Reserves, it is obvious that drafts can much more easily be sent out to India, which will not take men at a less age than twenty. In my opinion, we shall, perhaps, come to adopt seven years and five years, but on that point I do not wish to say anything at the present time.

We have got to ensure the drafts for India, and it is India which is the cause of the greatest drain upon our establishment at home, and the direct cause of our necessity to keep up so large an establishment as we do within these islands. The Indian establishment being between 70,000 and 80,000 men and the Colonial establishment being 52,000 odd, we have to maintain drafts to fill up the wastages in these battalions in India and the Colonies, which are caused by men passing into the Reserve as their time goes out, and that drain passes on to the battalions at home. We have got more than enough men, if you take into account the Reserves and the Militia, to man three Army Corps, but we cannot help ourselves to mobility so long as we keep our Indian and Colonial establishments at their present heights. The three years' system enormously increased the Reserves, which stand at 100,000, and next year they will number 122,000. Their pay last year was £845,000. This year it will be considerably over a million, with the result that there has been an increase of £220,000 on this amount.

How are we to deal with this situation? It is formidable alike in regard to cost and numbers of men, numbers which are not controlled by the persons responsible for the moment, but which are a feature of the situation. This is a Parliament which does not wish to destroy the Army recklessly; it wishes to proceed circumspectly; it asks for more efficiency for

less money, a natural thing to ask for, but more easy to ask for than to supply; and that is the problem. We feel that we have some sort of mandate to attempt to solve it, so strong is the desire in the country that this efficiency at less cost should be brought about, and this involves the whole question of Army organisation. Difficult as is the problem, it is made less hopeless when you take into account the serious way in which it is being considered by the Army itself. A new school of officers has arisen since the South African War, a thinking school of officers—a thinking school of officers who desire to see the full efficiency which comes from new organisation and no surplus energy running to waste. There are certain undesirable things which I feel certain that with this new spirit in the Army we can get rid of if we only conform to certain conditions.

The first thing we want is absolutely clear thinking about the purposes for which the Army exists and the principles on which it is to be organised. That perhaps seems a trifling thing to say, but it would seem even more trifling to say that copy-book maxims are useful things. Every error multiplies itself into millions. In the Army you are dealing with an enormous body of men under all sorts of complicated conditions, and if you are not perfectly clear what you want to do with these men, and on what principles you desire to fashion their organisation, you may be involved in an amount of expenditure and in a state of confusion you cannot realise beforehand. I come here to say a few things about which I can speak the more freely because the principles are the result of clear thinking, not on my part, but on the part of right hon. Gentlemen opposite. One principle is that of the Blue Water school. We do not take that as an abstract dogma to be applied without regard to circumstances. We do accept it in this sense

—that the Navy itself at its present strength is capable of defending these shores from invasion. It was laid down with extreme clearness by the right hon. Gentleman, the Member for the City of London, on May 11 last, in a speech to which we all listened, with the deepest interest, because we felt it marked a new stage on the way to efficiency, that on the hypothesis of the worst possible moment of our military position, and on the calculation of Lord Roberts, accepted by other military critics, it would not be possible to attempt an invasion of our island with less than 70,000 men, and no admiral of the British Fleet would undertake such a task. That is the advantage of a strong Navy, and very useful when considering the cutting down of all unnecessary Army expenditure. The right hon. Gentleman the late War Minister, was of opinion that no foreign nation would care to land 5000 or 10,000 men. If they did land 5000 or 10,000 it would be of no use, because they could not come subsequently and take them away. Such a number of men might cause some annoyance, but they would all be cut up, not one of them would get back. I ask what General in Europe would throw away 5000 or 10,000 merely to cause us annoyance? They would be promptly cut off on the same principle which prevents the invasion of 70,000, because of the great mobility of the Fleet at the present time. The Fleet to-day is intensely mobile in virtue of the valuable policy of continuity in naval organisation, for the inception of which we are grateful to hon. Members opposite, and which we intend to follow out in its consequences with regard to Army reorganisation.

Let us start, then, on the assumption that we are in earnest with this principle, and that it is now a continuous principle. It is the principle of the late Government; it is the principle of the Defence Committee; it is

the principle of the Navy; it is the principle of the War Office and the Army Council; it is the principle of the present Government just as it was the principle of the late Government. It is an accepted principle, and one to which the rule of clear thinking should apply. We have bed-rock fact here for the organisation of our defence. If we are to attempt to provide against the contingency of that being wrong we shall have to provide against various other contingencies overwhelming in their multiplicity and uncertainty. I came to office in December, and being of a curious and inquiring mind, and having taken a great interest in Blue Water principles, I set to work to see whether, following out the policy of my predecessors, I could not find some things in our Army organisation which were inconsistent with those principles, and which therefore might be gently removed. I found that distinguished soldiers whom I consulted were exactly of the same mind. They said, "Let us think clearly and act strongly." We set to work, and I take the things which engaged our attention one by one.

Anyone who knows Surrey, and goes down into the neighbourhood of Dorking, will find there certain curious structures, inherited by my right hon. friend opposite and handed over to me. You will find there large wire fences surrounding seven to nine acres of land, and within each a large construction that looks more like a water-tank than anything else, containing ammunition of various sorts. I stumbled upon one the other day when taking one of my reflective walks abroad, and going in I found some 3300 rounds of ammunition, cordite, lyddite, shrapnel, the latest pattern of gloves for people working with intrenching tools, and the latest pattern of the mark 3 axe, which had come down from Woolwich to replace the mark 2 axe. I estimated with an eye not

wholly unpractised in these matters that there was no less than £25,000 worth of stores there, and I afterwards ascertained I was very nearly right. I asked one in charge how many men had been there for work, and the answer was, "I never saw a unit in the three years I have been here." I asked when the guns had been last there, and was told they had always been at Woolwich. I asked whether there were any more of those constructions, and was told that from a neighbouring hillock I could see well on to a dozen more with the naked eye. These constructions had a definite origin, in a time when the Navy was not the Navy of to-day, when people had not the confidence in the Navy that they have in it to-day, and above all when the Navy had not that mobility which belongs to our splendidly-organised Fleet at the present time, and when it may have been necessary to make other provision for the defence of these shores. What an advantage it is when you can get rid of these things, root and branch, by the aid of firm principle. Those things were considered carefully and in great detail; and now, with the consent of the Government and of the Defence Committee and as the result of acting on a belief in the principle which we have inherited from our predecessors, they are going to disappear root and branch and as fast as they can be made to disappear.

I come to another case. In those days, when we had not got hold of the principle that the Navy was to defend these shores, we carefully defended various points all along our coasts. They are defended to-day with guns for the most part of an antiquated pattern and obsolete, though some are good and of a modern pattern. But be that as it may, and whatever they are, excepting at certain points where they are required for naval purposes, these guns are absolutely useless where

they are. They are going—three hundred of them—as fast as they can be got rid of, again with the full concurrence of the Army Council, the Navy, and the Defence Committee, who have considered these things together and not separately, in virtue of their joint policy. In that way we shall get rid of a very considerable and substantial amount of expenditure. I am not suggesting that the right hon. Gentlemen on the Opposition side are responsible for their being there. They inherited the policy. I only say that I find myself free to get rid of these things root and branch without feeling that there is any controversy about them or that I am breaking continuity of policy.

I come now to another case where the Navy were the sinners. I found that the Island of St Helena had a garrison of 100 men, costing between £10,000 and £12,000 a year, who were there to defend some 5000 tons of coal, and when we came to look into the matter the curious thing was that nobody supposed that they were in a position to defend the coal. They had two obsolete guns which were placed in a position where they had no command of the scene of any attack that was likely to be made, and a foreign force landing on the other side of the island could easily have overcome the garrison and obtained possession of the coal. There was obviously no justification for keeping that up, and it has gone.

Another head is the extension of the principle of Blue Water defence to our colonial garrisons. We have that under consideration just now, and we have decided upon it in principle. These establishments, where there are both guns and men for the purposes of naval bases, have in many cases become obsolete because of the change of policy in the Admiralty. The Admiralty do not want naval bases in the same way as they did before.

Their new strategy, which depends upon mobility, involves certain naval bases which will be well defended. But there are certain others of them quite obsolete in the Colonies and various other places. We propose to apply the principle of getting rid of superfluities of guns and men in connection with them.

I found lastly that we still maintain the traditional policy of surveying the interior of these islands and making on a large scale a continuous reconnaissance of positions with a view to defending the country against an invading army. I suppose there are plans for the defence of the City of Birmingham against a German Army. I hope the right hon. Gentleman who sits for West Birmingham will derive much comfort from that fact. These reconnaissances cost a great deal of money each year, and they are to come to an end also.

These are small matters in themselves, but they are matters to which we have had to attend to within a very short time. I think I shall have the approval of the House generally for the principle which I have laid down for dealing with these matters; and I feel a certainty that when my time is over and the other side succeed to responsibility they will carry out that principle in the same way, with the result that the Army will be organised on one principle. I do wish to say that we have suffered very much from changes in the past. Let me take another and final illustration for the moment. There is a place of which we used to hear a good deal in this House, but of which we hear very little now, called Wei-hai-wei. Wei-hai-wei was originally a naval base; now, I believe, it is a watering-place. Whether or no the Admiralty have deserted it, the Army has not. We are keeping up a native regiment there which we enrolled for the purpose of defending it, and which costs us £20,000 a year. No one wants that

regiment, and consequently the Government have decided to disband it at once.

All these amount together to no very enormous sum; but I am certain that a beginning on this principle and the fact that it is accepted by both sides of the House and pushed forward continuously will lead in the end to economies. Ah, Sir, if we had only had a continuous principle for the last thirty years we should have been very comfortably off to-day in Army expenditure, compared with what we are. The Navy has got something like a continuous principle. I envied my right hon. friend the Secretary to the Admiralty when he brought in his Budget. He had a simple principle which he had inherited from the right hon. Gentleman opposite and in which they support him warmly, the principle of continuous organisation of the Fleet, and principles of strategy and disposition which have remained constant for at least several years, and which we hope will remain constant for many years more. But in the Army it has never been so. In the last half century we have had no less than four great Army policies, which have led to the throwing away of a vast deal of money. First there was the policy of Lord Palmerston, which was the outcome of the work of the Committee which insisted upon the fortification of the shores of this country on a scale which I am glad to say we have long since abandoned. That was a very serious enterprise, and it cost some £7,420,000, which might absolutely be at the bottom of the sea, so far as concerns use for any purpose. Then came another policy, the eight army corps scheme of 1875, which fortunately never got beyond paper. But, although it did not get beyond paper, it was nutritious as regards increase of expenditure. It led to new ideas about Imperial defence, and to a large loan raised for that purpose in 1889, out of which came most

of the money for those London defences of which I have spoken, and which are now condemned in the light of our better knowledge. It is not too much to say that under that scheme a very considerable sum of money was absolutely wasted, not only on permanent works, but on *personnel* and other services. Finally there was the policy which nearly became very costly, the six army corps scheme in 1901. Perhaps the most lasting and permanent memorial of that policy are the Tidworth barracks on Salisbury Plain. There you see stretched out before your eyes acres of beautiful brick buildings capable of containing, not the forces which are there at the present time, but forces a great deal larger. They are standing empty in large part at the present time, and yet they are built for permanence and with a design which would deserve the highest praise if only anyone to-day was so innocent as to think of pitching down an army corps in the middle of Salisbury Plain. They represent a monument of wasted expenditure. We are using those barracks for the much more modern and useful organisations of troops in existence at the present time, the direct outcome of the work of the Esher Committee; but they owe their origin to a more ambitious notion which was due to that confused thinking against which I have protested. In 1901 we ought to have known something about the Blue Water principle and the power of the Navy to defend our shores. We ought to have separated the notion of a striking force for defending the Empire abroad from the notion of home defence. Yet there was an organised plan which apparently owed its origin to German models and under which Home defence and foreign necessities were mixed up together, with the result that there was one huge Army projected which was to unite in itself the function of a striking force and the functions

of that home defence which even at that time were seen to be unnecessary. The result was a scheme which, if carried out, would have brought the Army Estimates up to £40,000,000. But, fortunately, in the event, with the aid of the new policy of the right hon. Gentleman opposite and the work of the Esher Committee, all this was cut down, and the worst of it remains in the barracks at Tidworth which represent the outcome of the policy.

These things illustrate the necessity for extraordinary caution in that kind of expenditure. I think it has been very disastrous for us that we have had so much money to spend. Our way of raising money for the Army has been by military loans, and when you raise money by loans it is very easy to spend it. You have not to account for it on the Votes. We have raised upon loans during the last few years very large sums indeed. In the ten years ending March 31, 1906, we have spent £16,065,000 on loans, and under Vote 10 another £16,145,000, making in all £32,210,000. I have to provide in this year's Estimates for a sum of £1,081,500 for interest on the sinking fund for these loans. My right hon. friend the Chancellor of the Exchequer, with my complete concurrence, decided that a check must be put upon the loan policy. You cannot bring it to a close all at once; but we are going to try to pay our way in these matters, and I am quite certain it will make us look rather more closely to our expenditure. One hon. Member perhaps comes to me and says, "I was promised a barracks for the constituency which I represent, and we have got the money for the site, and we have laid the foundation." I have had to say to more than one hon. Member, "That may be right, but I represent the taxpayer, and I cannot consent to the large expenditure which is involved unless I am satisfied

that it is absolutely essential to the fighting efficiency of the Army." How can I be satisfied until I know what policy turns out to be and what the organisation of the Army ought to be? You have been contemplating a heavy expenditure in a permanent form for services which may become altogether useless owing to a change of policy, and until I feel certain what that policy ought to be, I propose to look very carefully into all expenditure of this character.

Now, Sir, I must pass from that to the larger and more important matters to be considered as regards the future. At present I will add merely that I am trying to ascertain what ought to be the fixed policy as regards barracks, in order that we may keep expenditure on something like a continuous footing. Passing from these things, which, after all, are mere matters of detail, we come to a larger matter, namely, the principle of the organisation of the Army itself. The Army ought to be so organised that it can respond to policy. If it is necessary to have a large Army at any time—as it may be necessary, for who can say when we may not be threatened—then we ought to have the easiest possible means of increasing our Army. We ought also to have the means of decreasing the Army and shrinking the organisation without making it less efficient. We have learnt a great deal since the South African War. Whatever else that war accomplished, it has taught the nation to be sober, to be serious, to put aside the spirit of militarism and to reflect upon war as well as other things with a view to better preparations and better organisation. There is a new spirit in our officers. They are men to-day of highly scientific training and reflective minds. The inquiry by the War Stores Commission shows that frightful waste and peculation took place in South Africa. Why did it take place?

Why was there that leakage? We know, thanks in a large measure to the Esher Committee and other investigating bodies, why that was. Unlike the other great nations, we had never established any thinking department for the British Army. If there had been such a thinking department it would have made out plans for the operations in South Africa, with the result that the distinguished generals who went there would have thought out every inch of their progress before they undertook it, instead of having to devise ways and means as they went along. Those who have read the report of the Esher Committee will know what I mean. Those who have read the account of the Japanese campaign will know the profound advantage of a thinking department embodied in the General Staff. The late Government, however, did a thing for which they deserve the thanks of this nation—they carried out the principles of the Esher Committee, and they have laid the foundation of a General Staff. We have got to work it out; and it will not be my fault if continuity is not observed in that policy, and if we do not give opportunities for dividing executive functions from administrative details. If, instead of the Commander-in-Chief in South Africa being responsible for the stores and for every detail of administration which he could not look to himself, having regard to his field and other executive duties, he could have known that these administrative matters, so colossal and vast, were in competent hands subject to his control, we should probably have had none of that waste and none of those scandals which have been so unfortunate in their result. If that division of labour had taken place you would have had your plans thought out, and the General would have known exactly what he had to do, instead of having to improvise his plans on arrival in South

Africa. But that is all over, and we have learnt a great lesson from it. Even in this short interval much has been done, and the Army was never more efficient than it is at the present time. Our Army is now on a better foundation as regards organisation and a better foundation as regards the knowledge of officers, and I include cavalry and infantry officers just as much as Engineers and Artillery, than it has been at any previous period, and this has resulted because we have learnt the lesson of that war and have tried to carry out these things.

Let us see what results from studying the principles of the lessons learnt in the war. Let us get rid of all these London defences, useless coast guns, and all those sorts of expenditure of which I have spoken, and as to which the present Government have already given the order for them to come to an end, and come to things which must be dealt with. It must be remembered that this country is in quite a different position from that of any foreign nation. If Germany or France go to war they have conscription, and they are in this position—that in time of peace they must keep up a vast military organisation. They have only one war to contemplate on a large scale, and that is with their neighbours across the border. They have to be ready to mobilise and to fight within perhaps ten days from the time of the order being given. Therefore they must be ready. It is absolutely necessary that their reserves should be trained up to the eyes and ready when called upon to take the field at once. But the British Army is not like that. We live on an island, and our coasts are completely defended by the Fleet. Our Army is wanted for purposes abroad and over-seas. It is necessarily a professional Army; we could not get such an Army by conscription. It must be of high quality; but because of the limited nature of its functions—to strike at a

distance—it ought to be of strictly limited dimensions. Have we ever thought, scientifically and clearly, what these dimensions ought to be? I do not think so. I know that certain things have been worked out, but I do not think the whole problem has been dealt with in its entirety. Here is an island, the striking force of which does not exist for the defence of these coasts—it does not exist merely for our own insular interests. This island is the centre of an Empire consisting of nearly 12,000,000 square miles and including some 400,000,000 of population, and we have to protect the distant shores of that Empire from the attack of the invader. We want, therefore, an Army which is very mobile and capable of rapid transport. For fighting which has to be at a distance and cannot be against large masses of men it ought to be upon a strictly limited scale, and perfect rather in quality than expanded in quantity. There never has been enough careful thinking about this problem. If the Army is not wanted for home defence, then its size is something which is capable of being calculated. The size of the expeditionary force is the principal ingredient in the present cost of the Army.

The probable reduction of Army expenditure, however, does not rest merely with the War Office. I am trying to economise; but, after all, the big items come from policy; and that does not rest with the War Office, which is only an instrument in the hands of the Government of the nation for carrying out policy. The reduction of expenditure rests greatly with the Foreign Secretary, the Secretary for India, and the Secretary for the Colonies, and also the First Lord of the Admiralty, for naval policy does in some degree give rise to military expenditure. It is the business of Parliament to consider these things, and to consider what effect policy has upon military organisation.

I wish we were near the time when the nations would consider together the reduction of armaments, when they would reflect that it is policy that leads to these things, and would realise that only by united action can we get rid of the burden which is pressing so heavily on all civilised nations. I have said before that it is not possible for me to make reductions in regard to battalions or individuals at home on any very great scale while the establishments in India and the Colonies remain as at present.

I promised at the beginning of this speech to try to put my finger on the point which has led to the great increase in the cost of the Army. The Indian establishment has remained at the same figure for many years past. But a great increase has taken place in our colonial establishment—the number is 54,000 men—between 1896-97 and the present time. There lies the key to the rise in expenditure from £18,000,000 to nearly £30,000,000. How are we to determine the size of the expeditionary force? That must be done on strictly scientific principles, having regard to considerations of policy. I think you can determine even now to a large extent what it ought to be. I do not think you can exclude from the consideration of the question any matters which have a bearing on the problem you have to solve. A short time ago we were menaced on the North-West frontier of India by Russia. Are we menaced by Russia to-day? [Cries of "No."] Have circumstances changed or have they not? Are they not different from what they were? If circumstances have changed, is it necessary to maintain that vast establishment in India, which causes us at home inevitably to incur a large expenditure in keeping up the materials from which to supply drafts for the Indian Army? The same is true of your policy in the Colonies.

There is still something else that must be taken into consideration. I am putting forward no plans, and cannot put forward any until I have had a long time for consideration. But there are certain conditions of the problem which are not very difficult to define. I do not think you will ever satisfactorily reduce your striking force, even if you have solved the scientific problem how much you require for action abroad, unless you provide some power of expansion behind it in this country. That is the effect of the Report of the Norfolk and Elgin Commissions. We spend a vast deal on the Army and we want to spend less. The question is how we are to succeed. If you have a reduced expeditionary force, how can you most cheaply provide for the support and expansion which should be behind it and on which you may rely in great national emergencies? There is one striking difference, which I think has never received sufficient attention, between this country and Continental countries. In Germany from the moment the order to mobilise is pronounced until the time the troops actually come into contact with those of other nations the interval may be very short—a few days only. That involves the necessity that the expansive power of the German Army should consist of men highly trained and ready to take the field at once. The men must have gone through a full course of military training. But that is not so with ourselves. We are on an island, and our striking force is for use abroad and our power of expansion is a power of expansion the exercise of which may be called for, but which gives us always a considerable interval. If we had to fight a great war on the plains of India or in defence of its frontiers it is not likely that such a contingency would come about without a considerable time elapsing. We know that a long time must elapse, and in that period there is the

possibility of training men and getting them ready. That seems to point to this, that we differ *in toto* from the Continent in the fact that for the forces on which we have to depend to come to our aid and to expand our Regular Army we should have a time for preparation.

If that is so, surely it is within the limits of possibility to devise a system—I am not professing to devise it now —under which the period of training may be divided into two parts—one to be very elementary, very elastic, very easy for everybody according to his circumstances, and the other to be reserved for the period after hostilities have broken out. The second, of course, will of necessity be expensive. We all know, even those most attached to the Volunteer Forces, that it would be hard upon them at the present moment to set them against seasoned troops. But the Volunteers would be admirable troops after a certain amount of training and after serving with fighting men in the field. That was proved in the South African War. In order to train a very large number of men in a thorough fashion you require the influence of some great national impulse. Such an impulse would come if hostilities had broken out and this country was in real jeopardy. Then I believe you would find men flocking to be trained. But in time of peace is it necessary to go as far as we do even with our Volunteers? I should like to see far more men voluntarily taking it upon themselves to acquire the elements of military training in time of peace. I do not see why people should not use the rifle as well as play football; why they should not go to a rifle club instead of going to races. These things might be done voluntarily. What I wish to say is let them do these things for themselves. I am perfectly certain that anything like compulsion or conscription will defeat its own purposes. If you are to get people to

give their services you must assign to them definite functions—a definite service which they can render to the country. For that purpose you have to map out an organisation. I do not see why the rifle club, cadet corps, the Volunteers, all the different forms of military organisation which we have at present should not be encouraged, so that the people should be able to organise themselves, so that you should have your citizens possessing the elements of that knowledge which would be requisite for them if they were called upon, not only to defend their hearths and homes—because I think, considering the strength of our Navy, they are not likely to be called upon to do that—but to come to the assistance of the Regular Army in other ways. If that were so, then, obviously, the only economical way of dealing with the matter would be to divide the period of training into two parts—the one elementary and elastic, the other intended to put the Volunteer on the footing of the Regular soldier. I have gone into this question with military authorities very closely. They are at one in thinking such an organisation would be possible, if worked out, not merely at headquarters, but in such a fashion that all these things should exist in skeleton, as it were, in time of peace. You might, perhaps, thus form in time of peace a reservoir into which would flow the various streams of people from every class who take an interest in rifle-shooting and in drill; people who had the taste might be encouraged to form themselves in a definite fashion into the units of this skeleton organisation; and you might prepare the machinery by which, on the outbreak of hostilities, you could turn the streams which had flowed into this reservoir, some of them perhaps rather muddy, into pure streams which would give support to the Regular Army.

These are skeleton ideas, just as they are ideas of a

skeleton organisation. I cannot say whether they can be worked out or not. You will, I think, have to resort to something of the kind if you are to have behind your striking force the certainty of a power of expansion, the necessity of which has, I feel, taken hold of the minds of a great many of the people of this country. Such an organisation as I am speaking of could not be effectively worked through the War Office alone. It must be decentralised; it must be worked by military local government; and by that I mean local government by the people themselves, not by those who would impose on them from without military duties which they might not be disposed to undertake. This must be the work of a citizen army. In the Franco-German war, after the defeat of the main part of the Regular army of France, Gambetta, a civilian, made a people's army, which, in conjunction with the army of the Loire, gave infinitely more trouble to the German strategists than the regular army had given. I read the other day something written by Prince Frederick Charles of Prussia, who took a distinguished part in that war. He said—

> "There is for a leader nothing more oppressive than a situation that is not clear, nothing more trying than bands of irregular troops, aided by the population and the nature of the country, and relying for support on a strong army in the neighbourhood."

Mr Pitt, speaking in this House in the time of the troubles with Napoleon—on February 29, 1804—said the great mass of our population might be made fit to serve many useful purposes in the hour of danger, and that he would be glad if measures calculated to call into action with effect were concerted and carried into execution. These measures, he said, should be arranged beforehand, leaders appointed, companies formed, and no man should be allowed to run about in confusion

calling, "Oh! that I could be in any way useful to my country." I think we can dismiss from our minds all notion of organising ourselves voluntarily up to the war standard in time of peace, all notion of playing at being real soldiers, which we shall never be, and spend the little money that will be necessary, and which will take the place of more costly things we have now, in organising ourselves in skeleton as a nation purely voluntary and according to the mind of the individual locality, on some such lines as I have indicated. I believe that if that were done, if you had military local government under the control of the people themselves, you would have solved more problems than one. No Ministry would go to war unless it had the people at its back. I have often heard the question asked whether treaties should not be submitted to the people before they are made? Perhaps we shall never get to that stage; but I do think that in this fashion you might get control on the part of the people over the military organisation, which would be the best guarantee that no war would be entered upon without the full consent of the people. A nation under arms in that fashion would be a nation under arms for the sake of peace and not for the sake of war.

I have sketched ideas which cannot be worked out by any one Government. They must take a long time; but that distinction between peace and war training, which seems the peculiarity, and the happy peculiarity, of our islands, does seem to me something worth considering. We should consider also whether, in connection with that, the real way to obtain the desired result is not by way of devolution of military administration to local government units.

If that were done there would remain the question which gave the right hon. Gentleman opposite so much

trouble—I mean the question of the Militia. I agree they are not to-day in a satisfactory condition; and I think the origin of the want of satisfaction with their position is, as in the case of the Volunteers, that there is no definite function assigned to them. The Militia are the children of the soil called into being theoretically by our Constitution through the Lords-Lieutenant and Deputy-Lieutenants who represent the Crown. I am afraid that the functions of the Lords-Lieutenant and Deputy-Lieutenants are rather nominal than real, and I do not see why we should not make it a condition of the appointment of Lords-Lieutenant and Deputy-Lieutenants that they should be persons who take some interest in Militia organisation. I do not see why we should not regard the Militia as a force which is much more akin to the Regulars than to the Volunteers. I should like to see the Militiaman's functions a little more closely defined. After all, he is a Regular, who for nine-tenths of the year is engaged in civilian duties. Or, if you like, he is a civilian who for one-tenth of the year is engaged in military duties. He is not compelled to go abroad, but he always has done so willingly in support of the National Army in times of emergency, and I hope he will always do so in the future; but I should like to see him used, not in the disastrous way he was used only a very short time ago. He was an institution very valuable for military purposes, almost a pure regular reservist. That was a system under which the Militia were first bled white for the Regular Army, and then asked to go out in their depleted battalions to fight. It was fatal to the Militia, and they never recovered. By all means let the Militia be the support of the Regular Army, but let them train in their own units and under their own officers and keep up their distinctive functions, if you are to have any recognition from them and the public of

the part they have played in the past and the possible part they may play in the future as something cheaper than the Regular soldier, as the man who gives part of his time and who does not put the State to the expense of paying for the whole of his time. I think the Militia principle of using civilians might be extended to a great many other parts of the Army, like the Army Service Corps; for a good deal of the work done by Regular soldiers is of a civilian character. But that is a topic on which I do not desire to enter at the present moment.

These are ideas which might lead to economy in administration. We have an object lesson in the army of Switzerland, which numbers 500,000 men and costs £1,200,000. Switzerland is a very small country and the army has to be raised by conscription, and from the reports furnished to me the men of that army are as good as you could wish to see—good even from the point of view of branches like the artillery. I have taken hold of an idea which I may not be able to work out, but which I am ambitious enough to think might be carried out by my successors, of not going on the costly system of paying for all your men as if you had to pay for all their time, but of looking to your Militia and then looking to the Volunteers whom you do not pay at all for the services they render. It seems to me that if you do that you have the foundation of a system by which you may succeed in reducing the size of your expeditionary force to an extent which you could not do without the support I have described, and which would enable you to make economies on a large scale. What is vital is the courage necessary to drive such a conception through. I believe the want of economy arises from the want of exactness of conception. One of the great merits of Mr Gladstone's famous Administration of 1868, which got rid of so much waste, was that he insisted on

clearness of conception of what the State was to do and to be asked to pay. He ruthlessly drove on to economy, scrutinising small items just as closely as the large ones. We have got to do that in every department of the life of the Army. I hope I have been able to throw out some ideas. If I may have the support of the House in carrying them out during my tenure of office, I shall feel encouraged to believe that at least we may produce a line of action which, if taken up and followed continuously, will in the end lead to that reduction in Army expenditure which we all so much hope for.

But I must touch on one or two other points. One of them is the great group of social questions. You cannot organise such a thing as a British Army without coming very closely into contact with the relations between capital and labour and the great questions that arise in connection with contracts and the organisation of labour. We are trying to deal with these questions in a fashion as free from red tape as possible. There are old traditions under which people refused to see the representatives of trade unions merely because they were the representatives of trade unions and not the employés of the State. But we are in a somewhat different position now. After all the Army is a nationalised industry; and the Minister who occupies my position has to be extremely careful in dealing with labour—he would like to be generous, but as he takes every penny he gives to labour out of the pockets of the great mass of British workmen when he puts it on their tea, tobacco, and beer, on their food, on their sugar, he has to be careful what he does. That very principle of looking for efficiency obtains just as much in the relations of labour to capital as in any other department of the Army, and I think the State ought not to be too benevolent in expenditure of public money even in the

matter of wages. We want to be model employers but not extravagant employers. It must be remembered that there are certain advantages in being in the service of the State. These things must be taken into account. That once being granted, these principles being conceded, I for one am anxious and ready to confer on all these questions with the representatives of labour, not merely those inside the House, but those outside. We cannot accept abstract principles without having their practical application worked out. It is sometimes said we should pay the trade union rate of wages. Often there is no trade union except a trade union of the people in the Government employment, and then your principle gives you no help whatever. In other cases the trade union rate is the same as that of the district, and the course is plainly to take the trade union rate in that case. All these matters have to be considered in the concrete. Much controversy need not have arisen if these cases had been so considered. I propose to encourage conference in the matters directly with myself or with those who are responsible to me in the position of directors, and perhaps we should try to organise a small business and informal and elastic Committee to which I may hope to refer such questions when they arise. These things will be more properly dealt with in detail at a later stage. The same general principles of economy, the same necessity for clear thinking which applies in the organisation of the Army itself, apply to the relations of capital and labour.

The education of our officers is a great question. General Sir John French made a speech in London the other day, in which he dwelt on the desirability of connecting the Universities more closely with the education of our officers. That may be very difficult in detail, but in principle it ought not to be difficult.

I have noticed in our new Universities with delight degrees established in special sciences. Why should there not be a B.Sc. degree in the science of war? A part of the study must consist in work at some military school close to the University. Sympathising, as I do, with the growth of the scientific spirit among the officers of the Army, I look forward to the time when such University education will play a larger part in the training of the officer. It may be convenient to say now that we are impressed with the rather hard condition of the average officer at the present time. His rate of pay has not increased with the rate of pay of the soldier; and, although the finances do not allow us to be generous, we can do some little things, among them this—the officer's wife and family will in future have free conveyance if the officer is sent away on duty. Another little thing is that the travelling allowance of subalterns and captains will in future be the same as that of the field officers. The small difference—the difference between 12s. 6d. and 15s.—is provided for in the present Estimates.

I shall be asked two questions—one as to the field gun, the other as to the short rifle. I have a strong view that our field guns should cease to be antiquated. We are pushing on the armament of the troops at home with the field gun, and by May 31 two army corps, arithmetically measured, the Aldershot real army corps and another arithmetical army corps, will be completely armed. As regards the short rifle, I have consulted the best expert opinion, and the reports are unanimous that on the balance the short rifle is the best weapon. We all know it has certain disadvantages; but its merits outweigh them, and the troops are being rapidly armed with it.

I have concluded what I have to say. In general,

the broad lesson of the present position seems to me to be that we must see where the problem of expenditure lies. I once heard a memorable speech of Lord Beaconsfield's in which he said the key of India lay not in Kabul, nor in Kandahar, but in London. It seems to me the lesson we have to derive from the study of the Army problem is just the reverse. The key to the reduction of expenditure does not lie in London. We can cut down the size of the Regular force, as it is here, to a limited extent without touching things abroad. We can probably save in a variety of directions. We are working at that, I pledge myself to the House, as closely as anybody could work. But the real key to the reduction of Army expenditure lies in policy abroad, and, as I have said before, in India and in the Colonies; and that proposition I commend to the consideration of the House. Ten years ago the pay of the Army was £5,500,000. To-day it is nearly double. What is the reason? Mainly the increase abroad. Ten years ago there were seventy-four battalions abroad. To-day there are eighty-five. Is it possible to shrink this vast and costly organisation? Yes, I think so, if that skeleton of expansion of which I have spoken is lying behind, which will become a very real expansion in time of national emergency, and which, until a time of national emergency, need not be made an actual expansion. If the Colonies would follow suit with the creation of a potential Army, and if it was possible that an empire with many millions of people might raise potential forces of such a character as would make great strength a certainty for generations to come, no Power could wage war with a people with such possibilities behind it. No opposing nation would know what it had to confront when it got to close grips with an angry people fighting for liberty and for all it held dear.

This Parliament seems to me to have a great chance. We have a magnificent driving power. We have a mission, it seems to me, in this matter of Army reorganisation. The people are not in antipathy to the Army. They love the Army. They care about these things. But they want to put them on a footing in which they believe. They want to get the Army into a shape which will make them feel that it is their own Army, an institution of which they are proud and which they can hold in the same esteem in which they hold the Navy. We wish to take the controversy about the Army, if possible, out of the lines of those things which are matters of reproach to be hurled across the floor of the House at us and back again; we wish to have them made as much matters of national business as the Navy and foreign politics. I have outlined no scheme tonight. I have merely thrown out ideas which have resulted from such study as I have so far made of the subject. I may be wrong in thinking that progress is possible along those lines; but I do not think I am. All the expert opinion encourages me in the conviction that it is along these lines, and these lines alone, that the problem can be solved. Two things it wants—driving power, which we have here, and continuity of policy, which depends for its attainment on your moderation. Do not force me to handle the Army rapidly. Do not force upon me things which I could not do, and which I would rather resign my office than try to do, some things which have been talked of and which would not only lead to injury of the Army but would lead at once to a reaction so strong that probably in the end it would hurl the Party to which I belong out of office, and would lead to the bringing back of those who, impelled by angry opinion outside, would take steps too violently reactionary. It is only by a policy

of moderation that you can get continuity of policy; and it is only by continuity of policy that you can cut down the cost of this vast and enormous organisation with which we have to deal. I think the Army problem has been studied too much apart from its social and non-military aspects, from the aspect in which it touches the life of the country, from the aspect in which it touches tradition and sentiment. All this you have to bring on your side if you would solve the problem. The problem is, after all, a lay problem. Underneath the technicalities of military organisation you find there lie some big questions of common sense on which the layman may pronounce. I commend to the House the duty of reflecting and working on these lines even in the elementary stage to which I have been able to bring them on this occasion. Ours is a great opportunity; and if you who sit around me, and you who sit opposite me, will but join hands in a national endeavour, then I for my part promise that I will do the utmost, to the final limit of my strength, to prevent our joint endeavour from being paralysed by anything like Party bitterness.

ON THE REFORM OF THE ARMY

A Speech Delivered in Parliament, 12th July 1906

I THINK it will certainly be for the convenience of the Committee that I should at once rise and make a full statement. What I have to lay before the Committee is nothing less than the proposals of the Cabinet regarding the reorganisation of the forces of the Crown. This debate has been anticipated with a lively interest. It has given rise to a vast amount of ingenious and intelligent anticipation. These anticipations have not been confined to the Press. My two right hon. predecessors have exercised themselves upon the subject. I much regret, personally, that my right hon. friend, Mr Brodrick, is not to-day present in the House for the purposes of this discussion. He has mobilised his forces against me. He has brought his artillery to bear upon my artillery. He has pronounced my scheme, although he had not yet come in sight of it, as in part a national calamity, and in part a national crime. I cannot discuss Mr Brodrick's letter in his absence; but I will make this observation—it is not always a safe thing to use your artillery against an enemy whose position you have not yet ascertained. You are apt to disclose your own position and to use up your ammunition in vain. But Mr Brodrick is not the only ex-Minister who has entered the lists. The right hon. gentleman the Member for Croydon has been more cautious. But in his case, too, there have been symptoms of a feverish activity which have caused him to rush into print, if not into war. Well, what I have to say may, perhaps, make

a good many of the criticisms that have been produced in advance seem beside the point. But there are other things on which, I think, we are all agreed. One of them is this—I do not care in what part of the House he sits, but I believe there is hardly a Member who is not highly convinced that the state of our National Forces is profoundly unsatisfactory. Whether you come to the matter from the point of view of cost, or from the point of view of organisation, there is much to be done, resolute effort to be made, before things can even possibly be brought back to a satisfactory condition. The Government has two considerations to bear in mind—cost and efficiency. As it has been suggested that I, for one, have been driven reluctantly into an attempt to reduce the Army Estimates and to put a check on the extravagance which has been growing up, I desire most emphatically to associate myself with the proposition of the necessity for check and reduction. It was the Duke of Wellington who used to say that no greater harm could be done to the British Army than to associate it in the public mind with extravagance. I am sure that that is not only true, but it is the view of many of the most thoughtful soldiers to-day, who hold very strongly that before you can restore public confidence in the Army you must make the people feel that they are getting value for their money. Then there are other considerations bearing upon this question of the growth and cost and burden of armaments. I do not repeat the solemn warning which was given to the House recently by my right hon. friend the Chancellor of the Exchequer. I do not repeat the equally solemn warning that was given by an ex-Chancellor of the Exchequer, Lord St Aldwyn, in another place not long ago, and corroborated by Lord Goschen. I think we all feel that with the income tax

at a shilling, and the public finances in the state in which they are, it is time, at least, that the situation should be closely and carefully surveyed. There is yet another consideration. The democracies of the world, however they may be divided on other points, are at one in making manifest at this moment their desire that the crushing burden of armaments which presses upon them should be lightened. We, in this great, rich, and powerful country, have the opportunity of taking our share in that movement. We mean to give a lead. But it is not merely the point of view of economy that has rendered it necessary that the situation of the Army should be closely reviewed. There is another point of view altogether; I mean the point of view of organisation and efficiency. Since I came to the War Office I have been struck with this—that while never before, perhaps, in the history of our country have we had finer soldiers or better officers than those thoughtful new men who have matured since the trial of the great war in South Africa, still we suffer from a disorganisation, a want of intelligent principle in the arrangement of our forces, which puts every attempt to make things better to naught. You have the evidences of that at every turn. There have been plans in the past for reorganisation; but they have generally resulted in an Army without a scheme, or in a scheme without an Army; and the time seems to have come, in the opinion of soldiers and the public, for an attempt, a resolute attempt, to be made to turn schemes of Army reorganisation into realities. Since I have been at the War Office I have been approached by many soldiers—by many of the modern type of officers to whom I have referred, who have said to me:—"No soldier but would like more money and more men, and the more he had the more he would make of them,

But we recognise that the nation demands retrenchment, and we know the grounds upon which it is held to be necessary. We do not dispute those grounds; we are prepared to agree with them. Yet this much we say to you—use the power, if you can obtain it from this new Parliament, full of vigour and life, to reorganise the Army in such a fashion that it shall be an Army shaped for the only purpose for which an Army is needed—the purpose of war. We hate war. We would that we saw the day when the curse of war was averted from us, when it was no longer necessary to prepare forces for our defence. But till that day comes it is our duty to see that every penny spent on the Army is spent on fighting efficiency." That is the view of the Army. That is the view of the Army Council. That is the view of soldiers of every shade of politics—some of them in this House—who have come to me and said—"Do not lose this great opportunity for asking Parliament to reorganise us—it may be in a drastic and searching fashion—but to reorganise us in such a way that we shall be efficient for war." That is the keynote of the attempt at Army reform, of the proposals of my colleagues and myself, which I have to-day to lay before the House of Commons.

Some time ago I made a speech in introducing the Army Estimates, in which I laid down certain principles, principles which I said were engaging my attention and the attention of my advisers and which seemed to be reasonable. We had in this House a great deal of discussion on them, and upon some of them my mind has crystallised, and they form the foundation of what I have to say to-day. I am not going to restate those principles at length, or to repeat what I then said. I asked for time to consider them. The House has been generous to me. It has not

pressed me to hurry over my difficult and delicate task. I have had time to think; and to-day I wish to use the period of the debate which I shall occupy for the purpose of laying down the concrete proposals in which these principles have resulted as distinguished from the grounds on which those principles were based. I shall only summarise very shortly what I have already stated. But before I do so, let me make one observation. I concur entirely in the view that we owe in approaching this task a great deal to the work that has been done. The Committee of Imperial Defence has, to my mind, been a most valuable institution in bringing out certain broad principles. The right hon. gentleman opposite (Mr Balfour) did the nation a service when he devised an instrument which should bring Admiralty policy and War Office policy into contact with the general policy of the Empire. It is largely due to the discussions which have taken place in that body, and to the light which has been obtained by surveying things not merely in isolation but as a whole, that it is possible to get some coherent view, be it right or wrong, of the problem that lies in front of us.

One other thing I wish to say, I have stated that while soldiers generally would naturally like more men and more money, the wisest of them see the necessity of a stern attempt being made at reduction. On that hypothesis, on the hypothesis that economy is necessary, on the hypothesis that those who insist on economy are ready to extend to them also the boon of reorganisation—reorganisation on the basis that war, and war only, is the thing for which an army ought to exist—I have been able, if I may so say, to enter into a covenant with influential representatives of the Army. They have put their best strength into the propositions which I have to lay before the Committee;

these propositions would have been of very little value if they had been my own propositions only, but they are propositions which have been accepted and endorsed by the Cabinet only after they have been worked out to the last point by the highly skilled experts who are at present responsible for the work of the General Staff, for the work of the Adjutant-General's Department, and for the work of the Quartermaster-General's and the Ordinance Departments of the War Office. I cannot express my obligations too deeply to my colleagues of the Army Council for making it possible for me to work out the scheme of reorganisation which I have to present, and—on the hypothesis that reductions are right—the whole-hearted concurrence they have expressed in a proposal which, just because it is their own, I believe will result in the increase of the efficiency for fighting purposes of the British Army by 50 per cent. I cannot but express my thanks to those young officers who have thrown their energies and their mind into this question. These proposals may result in a large reduction of men and of money; and yet, by the reorganisation of the Army as a whole, the result is produced in a form in which, if we have had to pare down, we have also used our materials in building up and completing the structure, so that at last it seems as if it might become homogeneous.

Indeed economy and efficiency are not incompatible things. Look at the great industrial concerns, the railways and big manufacturing establishments—how are they made to pay their dividends? Why, by going through every item of their accounts and asking why and for what reason has each particular sum of money been spent, and what justification there is for every item. We have been living laborious days at the War Office during the last few months. I am afraid the

eight hours' movement shows no sign of reaching that great Department, and, more than that, we have put the Army lately on a very frugal and somewhat niggardly administration; but the result has been that we have been able to go through the Army piece by piece and bit by bit, inquiring why that bit is there, whether it is sound, whether there is any excess, ay, and what is equally important, whether there is any deficiency. We have applied to the Army the same procedure that an accountant would apply in investigating the affairs of a business; we have gone through it bit by bit, and asked in what condition that bit is, and what justification there is for the money spent upon it. We have put, as regards every officer and man, and every pound spent, the determining question, What does that officer, that man, that money mean, tested by the standard of efficiency for war?

When I last spoke in this House, on March 8, I laid down certain broad principles. The first question which I then discussed and to which I sought to find an answer, was what was the purpose for which the British Army exists; and the answer was a very simple one. It was for war overseas. No doubt you have to provide for home defence, but the primary task which rests on the British Army is to maintain the defence of an Empire which extends over 12 millions of square miles and embraces a population of 400 millions of people. Therefore, it is no use making comparisons between the Army of Great Britain and the armies of France and Germany. They fight for the defence of their own frontiers. They have to maintain great land forces and to maintain them under an organisation which does not require to proceed much oversea, but which is adapted to resist attack and to make counter-attacks within a comparatively restricted area. The

British Army exists for a totally different purpose, and there is no material for comparing them. If you wish to make a comparison you must compare the British Army and Navy with the armies and navies of other Powers, and then I think you need be under no apprehension as to the result of the comparison.

The first purpose for which we want any army is for oversea war. The Fleet defends our coasts. The right hon. Gentleman, the Member for the City of London, in a most instructive and powerful speech last summer laid down the doctrine that the Navy was adequate to protect these coasts except against raids, which could not, in his opinion, exceed 10,000 men, and were only to be feared at certain points. I do not think with my hon. and gallant friend the member for Sheffield that anything has occurred in the recent manœuvres to shake our confidence in that principle. (Cheers.) The doctrine was the result of the careful and scientific consideration to which the late Government devoted itself, with the assistance of the most skilled experts, and it is a doctrine which, I believe, remains unshaken to-day. It is the foundation of our policy, and such raids must be provided for on good mobilisation schemes. Then I come to the second proposition. If it be true that the Fleet is adequate, and more than adequate, with its tremendous strength of to-day, to defend our shores, then our expeditionary force ought to be moulded for oversea warfare, and, that being so, it is bound to be, if a small, yet a finer and more costly force than that of a nation which keeps an army merely to defend itself within its own frontiers.

There is another purpose which one has to bear in mind, and this is the fourth proposition which I wish to submit for consideration. It is not merely to produce an expeditionary force that we have to keep troops at

home. We have to maintain, for the sake of our distant possessions, a force abroad which has to be fed largely from home. It cannot rest upon conscription, for it requires regularly trained men for a large part of its work, giving their whole time to their duties; and consequently no conscription can be sufficient to maintain it. On the other hand, the home force is one that need not be large as Continental forces are large. Compared from the point of view of oversea work, our available forces are in point of fact enormously larger than those on the Continent. What nation is there on the Continent that could mobilise and send oversea anything like the troops we sent to South Africa? Our business is to maintain an expeditionary force just so large as to form a reserve which may enable us swiftly and resolutely to reinforce those forces, which are the outposts of the Empire and which act as its police. When you come to the necessity for expansion—we all know it may arise, but it can arise only upon great occasions—in such a case, when we are involved in such a war that the whole soul of the people has to be thrown into the task of their defence, we assume that the people will be ready to bear their share of the burden, and if they have been prepared beforehand to organise themselves on a voluntary basis, they will be ready to respond with a strength and a might which no conscription can get out of them. But this applies not only to the people of this country. The South African war showed that the Empire was one, and could fight as one, just as the nation could fight. Therefore you have behind the reserves of your own people the reserves of the Empire, so long as you do not alienate them, and so long as you do not gall them by fiscal restrictions, and make them feel that being within the Empire is a burden on their freedom rather than a help to it. So

long as these conditions remain fulfilled, experience shows that we may rely in a supreme emergency on the whole strength of the Empire. Therefore I, for one, am not the least troubled by the alarmist cry of not finding any reserves behind the Regular Forces of the Crown unless you resort to compulsory service. The people of this country will not be dragooned into giving military service. Lord Cardwell used to say that, so far from being a nation of shopkeepers, the British were the most fighting nation on earth. I think that the interest of our people in military matters is probably more profound, more real and spontaneous, than that of any other nation in the world. The keenness and the willingness of our people to give up time to volunteering and to the study of military organisation is one of the striking features we have to deal with. It may be said indeed that the true conception of our system is that of a triangle with a sharp point of the finest tempered metal extended and resting on a broad base of metal which may be soft and yet will harden under blows.

We have to maintain for the sake of our distant possessions forces abroad which have to be fed largely from home; therefore you must maintain sufficient troops at home to keep alive and feed the troops you have got abroad. These fix the limit below which you cannot diminish your forces at home. You cannot make four except out of two and two, or their equivalent in quantity. Therefore you must keep sufficient troops at home. There I come to the limit of possible reduction, and that is my fifth proposition, and it is determined by what we have to maintain abroad. In India, for example, at the present time we have a large force paid for by the Indian Government, but maintained by us because it is a British force in India. We have 11 horse, 42 field, and 3 howitzer batteries, 22

garrison artillery companies, and 6 heavy batteries, 9 regiments of cavalry, and 52 battalions of the line, equal to a strength on February 1 last of 79,446 men. We are under an obligation to keep that force up. The size of that force was determined at the time of the Mutiny. It is there, not primarily to resist aggression on the part of the Great Powers; it is there for the purpose of preserving order in India. Whether it is too large or too small, it is at any rate a force whose size was fixed at the time, and the standard has never been departed from. It was, however, allowed to fall below its level until at the time of the Pendjeh incident it was brought up to its former strength. The question whether or not the circumstances of the time make it possible to reduce the force is a question outside the scope of a War Minister's authority. How does the War Minister stand in face of that obligation? One of the most brilliant of our military critics wrote lately that the War Minister was thought to be planning for war when all that he was thinking of was to maintain and to relieve the military policemen occupied in looking after a distant people. In these circumstances it is plain that if you are going to effect reductions the first thing you must look to is the state of the forces abroad. Can they be reduced? Your first reductions must be there. These are what you have to keep up. No juggling, no reverting from Cardwellian principles to other principles, will help you. All the other schemes produced go to pieces before the experts and actuaries whose business it is to calculate how many drafts it will be needful to produce. As I have said four cannot be reduced to a less equivalent than two and two, when exposed to the ruthless criticism of the actuary. Nor does it do you any good to reduce establishments. If you reduce establishments you hamper yourselves in

providing drafts and you cannot reduce these without ruining the battalions. Your aim must be to do what Mr Cardwell aimed at—to keep the number of battalions abroad and at home as near as possible equal. It is very difficult, but the nearer you approach equality the further you get away from the other difficulty in the Cardwell system, where, owing to the excess of units abroad, you have to put a certain number of feeding battalions on what is called short tour. Now I come to another great principle which I touched upon when I spoke before on this important subject. At that time I began to realise—and my advisers now realise the fact most fully—the possibility of following the example of foreign nations in making use of the Militia principle. I do not mean the Militia principle in the technical sense of the word. There are certain combatant services which can only be performed by highly-trained men. Much of the artillery work, for example, can only be performed by men of the highest training; but there is other work which can be done by men who have a certain military training and can take an engagement to go on mobilisation, and who are fitted to perform services of a semi-civilian order to be found in every army—such work as army service work, the provision of ammunition columns and the army medical work. A great deal of this can be obtained on a Militia basis. Yet, somehow or other, we seem to have gone on the footing throughout, almost without a break in the history of our attempts at the reorganisation of the Army, of assuming that this kind of work must be performed by Regulars. I can only say that we have added enormously to the cost of the Army in this way; and one source of economy which I hope to lay before the Committee is got by the substitution in this work for Regulars of men who have received a partial military

training in time of peace, and who are capable of taking up this kind of service on mobilisation. They are intermediate between the Regulars and Volunteers, and they are, in the opinion of my advisers, and also judging by the experience of foreign nations that employ them, to be got just as readily as the Regulars. They are so cheap that you can get a larger number of them for the same money or less. There are plenty of them, and they are easy to find; it is only a question of organising them. My last proposition relates to another great source of economy besides that of the Militia principle. It has reference to the aim which should be before you as to the nature of your organisation. It must be an organisation for war in time of peace as well as on the outbreak of a war—that is to say, it does not do to pursue the haphazard policy of the past. When the South African war broke out we had at haphazard to mobilise our forces. If you take the forces which are available in the United Kingdom at the present time—Regulars, Reservists, Yeomanry, and Militia—and ask yourselves what mobilisation you can get together, you find that the force is about 330,000 in *personnel*. But you could not under the existing organisation for mobilisation get more than 100,000 men or two army corps. I have gone through the subject with the experts and actuaries, and the thing breaks down, not because the units are not there, but because there is no organisation for war which would enable us at every point to make complete arrangements for mobilisation. If we cannot mobilise completely for an oversea purpose, it is not because we have not the men, but because we have not the war organisation which should exist in peace, and a thoroughgoing plan adapted to the circumstances. Our proposals are founded on these eight propositions. They promise certain reductions.

I may at once say that I propose in the name of my colleagues that the number of British soldiers shall be 20,000 fewer Regulars than exist at the present date. I am able to say in the name of the Army Council that if the Army were thus organised, through the number of men we shall be able to get under the Militia principle, we should be able to mobilise in war and keep prepared in time of peace a force which contrasts with the old force as three army corps to two. This is got by rigidly adhering to the policy of writing off everything that is useless for war purposes, by applying strictly the principle of organisation for war, by maintaining that organisation so that it shall exist in time of peace not merely on paper but in reality; so that you can mobilise your force faster almost than you can get transport to take it away. I will tell you presently what reductions we propose to make in the battalions abroad. When you have got to the *minimum* below which you cannot reduce, you may as well take what you have at home and put it in the best state of organisation you can for the purposes of war. It costs nothing to do it, and with economy you can get a strong force. What we have done is to go through the Army as it stands to-day unit by unit, man by man, item by item. What we have brought out is the great waste, the great extravagance, the great amount of inefficiency caused by the absence of the machinery necessary to make mobilisation possible. I will state at once what is the nature of the force which we propose to make it possible to organise, not only for war, but to organise so as to be to some extent a slumbering force, ready to be awakened out of the Reserves in time of peace. It is a force which is not organised in army corps because army corps are, in the almost unanimous opinion of the experts, an inconvenient form in which to keep our troops.

What one wants is something real and tangible; something that does exist there in time of peace; something of which the battalions and the cavalry and the guns and the men are there, and available in the time of war, and have to be brought only from a very short distance. The best organisation for that purpose, in the unanimous opinion of the experts—and throughout I have relied on the opinion of the experts—I have been guided by soldiers at every turn, for I myself am a mere civilian and man of business—what we have thought best for the purpose, after four months' close consideration, is an organisation, not in army corps, and not in small divisions such as exist now, of which we could have nine out of the materials we have to keep at home for maintaining our drafts abroad, but six big divisions—I am talking of infantry—organised on a pattern to correspond with our forces in India. We think it important to make our Army here accord as nearly and as closely as possible with the organisation in India, in case—which Heaven forbid!—our forces should have to act together in some great emergency in defence of the Indian frontier or upon Indian plains. Therefore the force at which we aim is a force of six big divisions, with the proper equipment of cavalry which, according to the latest war establishment calculations, would be four cavalry brigades for that force. We have more cavalry than that, and I do not cut off a single unit of cavalry. Cavalry is a very valuable and important arm, and we propose to keep all our cavalry. Six big divisions of infantry with four cavalry brigades and full artillery would equal three army corps, or nine of the old-fashioned divisions, and represent a total of over 150,000 men. These would consist of 50,000 Regulars serving with the colours, 70,000 Reservists, and 30,000 people employed and trained on Militia lines, that

is to say, to giving only part of their time for war training and the rest for peace, but who are under an engagement to come out on mobilisation. This number falls short of what we are bound to keep in this country for the maintenance of the force we have abroad. We have considered in the Defence Committee to what extent the force abroad could under existing circumstances be reduced. There are troubles in Egypt; things are not wholly clear or settled in South Africa; there are difficulties in various parts of the Empire; and yet, after survey, the Defence Committee is quite clear, and we are quite clear, that we can reduce seven battalions abroad and three battalions at home. The Committee may remember that in the course of the war there were a number of battalions added to the existing regiments so as to improve our strength; these battalions, I think, numbered 16 or 17; but they were reduced, and to-day there are 14 battalions apart from the new Guards battalions which did not exist ten years ago. Of these battalions we are in a position immediately to cut down eight; whether we can cut down some more afterwards depends on considerations of general policy, but I wish in this matter to go cautiously. The Government does not wish to undertake anything we cannot perform, and perform with absolute safety. Therefore, we see our way to reduce 8 out of the 14 battalions, and I think in that proposition we are doing nothing extravagant and nothing that will come as a surprise to right hon. gentlemen opposite. Having reduced these eight battalions, we shall still have to support troops abroad with drafts to an extent which requires a force considerably larger than the regular force which I have indicated. Therefore, when I say we propose to organise a force of six big divisions, amounting to 150,000 men, including militiamen, I am

really not increasing the troops which we have had up to the present time available for such a purpose, but I am diminishing them, and by reorganisation I am able to produce a larger amount of units available for organisation. Why is this? Now I come to a mystery, a great mystery, the mystery of the existing condition of our artillery system. Let us see how that stands. Mr Brodrick, in his letter, said our proposals as regards the artillery portended a national calamity. That seems to me to show what I came to suspect in the course of the searching investigation which I have had to make into this matter, that the late Government never knew how they stood as regards artillery. You gave the nation new field guns and new horse artillery guns. They are excellent guns. The reports I have on all hands are most satisfactory as to their efficiency. But there is one thing which it does not seem to have occurred to you to give us, and that was men to mobilise them. Would the Committee believe it, out of 93 batteries of field artillery which we have at home at the present time, if to-day we were called upon to mobilise them—there is no secrecy about these figures, I daresay the general staffs of foreign nations have already found them out—you could only mobilise 42. Only 42 out of 93. All these guns will have been delivered complete by the end of the financial year, but your programme of 93 complete field artillery batteries, of which we have heard so much, has only resulted in this, that if we went to war at the present time we could by using our last man put just 42 of them into the field. Why was this? It seems to have been forgotten that the new guns were quick-firing guns, and used a great deal more ammunition than the old-fashioned 15-pounders; and the result of requiring more ammunition, of course, is that your ammunition columns have to be

longer than is the case at the present time, and require many more men to mobilise. These batteries would have required at the lowest estimate 10,000 more men than you had available for the purpose. If you had provided these 10,000 men upon the Regular basis it would have cost you something like £600,000 a year, which was not proposed as part of the artillery reconstruction scheme of the Government. We poor innocents on this side of the House did not know what was going on, and the result was that we in our innocence were under the comfortable delusion that we possessed an artillery equipment which would mobilise something approaching 93 field batteries of field artillery. The dilemma is either that a mistake was made, or else that His Majesty's late advisers thought the only field force that they required was a field force equivalent to four of these big divisions of which I have spoken, for four was the utmost amount which the artillery they had available would mobilise, and in that case they certainly cannot object to the very modest reduction which I have proposed in point of *personnel*. My criticisms are grave criticisms, and they are criticisms which I am going to make good in detail, but lest the Committee should say that "after all it is only a civilian who is speaking, and the Government must have had experts at their back," let me say that my statements and the figures I give are founded on the most minute investigation made by our General Staff and in the Adjutant-General's Department, and that the figures have been tested and examined at every turn, so that I do not think myself—and I have been accustomed to criticise various kinds of business in the course of other avocations—that there is the least doubt about them. First of all, assuming that the position is as I have said, how do we stand at the present time?

At the present time you have got about 17,000 Regulars to mobilise for your artillery, and 3000 besides who are unfit, for you do not send men abroad who are under a year's service, or under 20. Even taking men who are quite unfit, who have served only six months, and who are not up to the standard, the position of matters was that with your 17,000 Regulars, after mobilising 42 batteries of field artillery, you would have to use up the last man who was available for ammunition columns, not one other man could have been got, and the remaining 51 batteries, therefore, would have been broken up altogether, and could not have been used for any purpose. How is that to be got over? I found myself confronted with this very formidable thing, and at first I was appalled at the prospect of having to spend money in creating new additions to the Regular force of artillery; but on reflection, and looking about, I made more discoveries. It is a most valuable thing, a survey of the Army as a whole. It is not only the things you are deficient in you find out, but the things that have been uselessly applied to other purposes, and which you can make available to the end of filling up gaps. I found that, in accordance with principles which had been sanctioned by my predecessors, the theory of our coast defence had been reviewed with the result that a reduction was necessitated of over 300 guns. They had either become obsolete or were not adapted to modern theories of defence. That was the work of the Navy, of the War Office, and of the Defence Committee in conjunction; and as the outcome of it I found that I had a very large number of militia garrison artillerymen who were released from any useful duty, and a somewhat large number of Regulars, approaching 2000, in addition. That was a very great comfort to me, because I felt I might be able to put the Regular

artillery into such a position as to deliver the nation from a national calamity. There were these garrison artillerymen, amounting to somewhere between 13,000 and 14,000. We consulted the commanding officers of regiments, and the suggestion that we should use them for this purpose came originally from one of them, Colonel Blake of the Northumberland Militia—whom I must thank for the great help he has given us, and the many suggestions he has made about this work—and from other Militia artillery colonels, who very reluctantly, seeing the change that has come over their force, have come to the conclusion that it is better that it should assume a new *rôle* than that it should disappear altogether.

We get, therefore, these 13,000 or 14,000 men who do not cost us a penny more than at the present time, and we propose to utilise their services for making up that defect in the machine, in the organisation of our field force as a whole, which prevents it from working at the present time. We should be able to get the 10,000 men that are necessary for the ammunition columns, and to get in addition that support, which, I need not say, is wholly non-existent at the present time. In that way not only shall we be able to mobilise a very much larger force of artillery than is the case at present, but we shall save a good deal of money on the transaction. Instead of increasing the cost, strange as it may seem, we believe—I do not wish to be too sanguine about it—we shall be saving £300,000 a year on what we spend at present. It would have taken a very large sum to supply material on a regular basis. The Committee may naturally ask, "Are you sure that these militiamen will do their work?" and my answer is, "Yes, the General Staff are perfectly sure," and I will say why. We believe we can get the class of men we require to assume this new *rôle*, and the officers will

be content to train them and to make them efficient field artillery Militia, to train them with a view to their ultimately doing the work of the ammunition column part of the organisation of artillery, and going through training which will enable many of them to become skilled gunners and a Reserve for the artillery if necessary. But we shall go very strongly for this, that every man shall show justification for the money spent upon him; and therefore, if these garrison militiamen do not take service, we shall be bound to say, "We have no more use for you in maintaining the war organisation of the Army, and we shall spend the money on others who will be willing to take your place," and we think we know where we can put our hands on them. But we have no reason to anticipate there will be any large deficiency in the number willing to assume this new *rôle*; and we know that if we give them proper training we shall get sufficient men for the ammunition columns. The training of reserves to maintain the artillery in the field has also to be considered. We are quite clear that for non-commissioned officers, for servers, for layers, for bombardiers, you require a highly-trained class of men, not to be obtained from the Militia service; but, like Admiral Fisher's ship, we shall have a nucleus crew which will be supplemented upon mobilisation from the Militia, and in this way we hope on mobilisation to form effective reserve batteries. Let us see how it will work. What will be the strength of the new artillery establishment, and what will be the war establishment? What is the artillery strength of the Great Powers of Europe at this moment? My right hon. friend, the Member for the Forest of Dean, who has studied these matters closely, knows that a tremendous controversy is raging in France and Germany as to the right number of guns for a battery—the

controversies we have had here upon religious teaching have been hardly more keen than that upon the number of guns there should be in a battery. That controversy arises out of the fact that the new quick-firing guns consume an enormous quantity of ammunition, and for this reason they cannot be put into the field in such large numbers as in the days of the old slow-firing guns. The result is that France, which has a very fine artillery establishment, has a war establishment of 3.5 guns to every 1000 bayonets and sabres. Japan has a war establishment of 4.5, and Germany a proportion of 5.5. But Germany is just introducing a new quick-firing gun, and we do not know what the proportion may ultimately be. Great Britain has the proportion of five quick-firing guns to 1000 bayonets and sabres, and we do not propose to reduce that. Although the gun is a new quick-firing gun we want to be perfectly safe in this all-important arm, and therefore, though it is a more rapid gun, we propose to maintain the five-gun proportion to every 1000 bayonets or sabres. Starting with this, let us see what the establishment will be in peace and war respectively. The House knows it is always possible to show a considerable saving if you, in time of peace, resolutely put everything possible into the Reserve, so that you are enabled to call up every man at the right time, and maintain the higher establishment under which you mobilise for war. This is a principle that leads to economy, and it has hitherto only partly been applied to the artillery. The General Staff propose to apply it thoroughly, saving money by keeping up a Reserve basis in time of peace. Every nation on the Continent does that. In France the war establishment is five officers on the basis of a four-gun battery; in other ranks a war establishment of 169 and a peace establishment of 129. In Germany they have

organised batteries on three scales in time of peace. In an army corps kept on the western frontier there is a six-gun establishment, but that is the only one. Germany keeps batteries in time of peace on a three-fold establishment—a higher establishment of four guns, and six on mobilisation, with 127 men to five officers; a medium establishment of 115 men and a lower of 102 men, officers being the same and horses in proportion. Now I come to our own case. We propose to follow the same principle, to keep our six-gun batteries on a four-gun establishment in time of peace, and we likewise propose to have five officers to 117 men —rather more than France—and 60 horses; France has 61. We propose to keep to 99 batteries, 81 on a four-gun basis—I will tell the Committee why we come to this conclusion—and 18 more on a two-gun basis for quite a different purpose. The artillery establishment for a six-division force such as I have described would be sixty-three batteries, and, with the Militia ammunition columns, we shall be easily able to completely mobilise that and provide all the drafts required. But in order to help ourselves, and to provide, above all, for the training of militiamen, we propose to keep in reserve a residue of thirty-six batteries. We shall bring home six batteries of field artillery from South Africa which are useless there, and arm them with new guns. I think, having regard to the importance of artillery to which the Powers are more and more awakening, to which the General Staff are awake, and of which the Army Council is convinced, we ought to encourage the artillery in every way we can consistently. We propose to take the old field guns and, making a new departure, issue them to the Volunteers, who will then have an opportunity of organising themselves into a sort of national artillery reserve. I do not imagine that with such

weapons they could take the field against quick-firing guns, but I think this will enable Volunteers to put themselves into a very useful position. These old 15-pounders could be converted at a reasonable cost into quick-firers, and made a useful gun; I do not say for the Regular Army, but a good gun, as good as some Powers possess, and they will serve the purpose of giving Volunteers the training by which they may become a sort of reserve of national artillery. We take 36 batteries of new quick-firing guns for a specific purpose. We want to train 20,000 men of the Militia artillery with these guns, and we propose, instead of bringing the people to the guns, to take the guns to the people. Just now, for example, the practice is to bring the Northumberland and the Fife Militia for training to Portsmouth. We propose to give the men training nearer their homes, and we shall do this with as little inconvenience and as much elasticity as possible; we do not intend that there shall be a uniform cast-iron rule as to the way in which they are to go through the mill for the ammunition column. Of the 36 batteries, 18 will be on a four-gun basis and 18 on a two-gun basis. The two-gun basis is better for training; you can train more men, arrangements can be made in such a fashion that you pass more men quickly through the mill. There are reasons, however, why we must keep 18 batteries on the four-gun basis, we must provide drafts for abroad. Therefore, from the point of training, of supplying drafts, of efficiency, and of economy, we take the course I have suggested, we use up the garrison artillery, increase the number of mobilisable batteries to 63, put 36 more in the Reserve, with 18 on a four-gun, 18 on a two-gun basis, and, increasing the organisation by 50 per cent., we have what we estimate as at least £300,000 a year less expenditure.

I have only to add that in India and the Colonies we propose to keep the batteries on the six-gun war establishment. We think that will be wiser, because we cannot get reserves out quickly enough in case of emergency. Therefore, in India and the Colonies nothing will be done in the way of change. There are at the present time of horse artillery in the country 14 batteries. We do not propose to touch the horse artillery. We wish to put it on a four-gun basis in time of peace, and so save a good deal of money, and we propose certain re-arrangements at the depots which will result in substantial economy. But we leave the horse artillery untouched. The proper footing on a war establishment for the force I have described of six divisions is by agreement on all hands 10 batteries. There would be a battery for each of the four cavalry brigades, that is the original establishment and six batteries in addition for the corps—one for each division. So we should use 10 batteries and keep four surplus batteries, partly for the purpose of training and finding drafts, and partly as a reserve of horse artillery. The horse artillery is a highly-skilled arm and has to be manned almost, if not quite, entirely by Regulars, and therefore, the Militia principle of which I have spoken does not in the same fashion apply to them. But I think the savings we have made on the artillery generally are so substantial that I am not only justified, but I think it is right that I should keep up this arm, which is extremely difficult to train and which it is impossible to improvise at short notice. Now I think I have put before the Committee the important features of our artillery proposals. I think I am justified in saying that the result is very different from the result anticipated by intelligent calculators who predicted that we were going to ruin the national

artillery and put things on a very much worse basis than they were before. Having got my artillery, I now return to the expeditionary force, which I could not complete up to six divisions—I think four divisions were all that could be mobilised—in the absence of proper artillery at the present time. I will give the Committee the figures which compose the expeditionary force. Speaking from memory—I will give the exact figures presently—they are something over 154,000 men, of whom some 30,000 will be on a Militia basis, 50,000 Regulars with the colours, and 70,000 Regular reservists. Well, we have for that at home 71 battalions of the line. You must have these battalions because you have to keep up, after taking off the eight battalions I have described, 77 battalions abroad. There being 71 battalions that have to be kept up, in constructing my expeditionary force I have left myself a margin. There may come a time of profound peace, or, better still, the nations may resolve to reduce their armaments on a large scale. In that case, and with a view to that possibility, at all events, our object has been to produce a force which you could contract or expand, and to make it so that in its proportions it could respond accordingly. Therefore, we think it right not to organise the expeditionary force up to the full limit of the troops we are compelled to keep at home, but to leave ourselves a margin, so that, without interfering with the expeditionary force which we have constructed, you could make in the future, if it were possible to do so in view of things which go far beyond my department, a reduction without impairing the efficiency for war of your field force. Therefore, I say, instead of the whole of my 71 battalions of the line which I have to keep at home, I take only 66 of these battalions for the purpose of

constructing the expeditionary force. I use, in addition, six battalions of the Guards—I am coming to the Guards a little later—making 72 battalions of infantry altogether. That gives me five battalions of the Line and a certain number of battalions of the Guards surplus. I have four brigades of cavalry on the proper cavalry equipment, that is 12 regiments; and as we have 15 regiments available—I think one has just gone to Egypt, so the number is 14 at present—there is a margin of cavalry in case of necessity. There has been no reduction of cavalry. The artillery I have described; it consists of 63 batteries of field and 10 batteries of horse, with the surplus which I have described. I should say that in addition to that, as hon. Gentlemen who know the organisation of the Army are aware, there is a certain reserve of guns over and above the guns in these batteries always kept in case of guns getting worn out or destroyed in operations. All these we have preserved. How then is it possible for us to get a much larger mobilisation and yet save money on it? Before this time the units were there, and more units were kept up. We are taking off eight battalions of the Line and two battalions of the Guards. The reason for that I will come to presently. We are taking off, besides, a large number of Regulars who were employed for purposes which, in the opinion of the General Staff, could be amply discharged, as they are discharged on the Continent, on a Militia basis. This has enabled us to make a reduction approaching 20,000 Regular soldiers, and at the same time mobilise a far larger force. Why? The units were there before, more units than I have left after these reductions. But they could not be mobilised, partly for want of artillery, and partly because there were deficiencies in other points, and it has been so expensive

to make things up that the proper provision has not been made. This provision of a Militia basis, which it is easy to keep up, has enabled us to reduce the Regulars in the army service work, transport and supply. A great deal of the work done in the field could be done well by Pickford's drivers—men who are trained as well as Pickford's drivers, and would be also possible combatants—in connection with ammunition columns, the army medical service, and a number of other services which it would be easy for me to go into if I were not in a hurry. But I have so much ground to cover that I will proceed at once to the further details of the organisation of the new force. For this purpose it will probably be for the convenience of right hon. Gentlemen opposite if I give them a spare copy of the tables and certain notes which I have prepared, which show what the composition of the force is. In that way we shall get much more easily to an understanding of the composition of the new force. If the right hon. Gentlemen will look at the statement on page 3, which is signed by Sir Frederick Stopford, who is responsible, with his experts, for working out this plan, they will find the composition of the force as it has been approved by the Army Council. First of all, the total number is 5546 officers and 154,074 men of all ranks. Some who are on the non-Regular basis—that is to say, who do not require continuous military training—form a certain number of those who are put down as cavalry. By cavalry I mean mounted troops, speaking more accurately. The purpose of the Government, as I have said more than once, has been to go through every department of the Army and ask each man, "What are you here for? Do you justify the money that is spent upon you?" If he cannot answer he goes off ruthlessly. If he can make out a case of efficiency for war he

remains. We have applied that method to the Regulars and we also propose to apply it to the Auxiliary Forces with such modifications as are requisite. For instance, there is an admirable force which, I am glad to say, we have been able to turn to good uses, the Yeomanry. We put to them the question, "Can you furnish us with what we want?" We do not want them as mounted infantry, because mounted infantry are to be only a small force on a regular footing, and I think it is the general opinion that mounted infantry pull back the cavalry when sent into action with them. It is as divisional troops with the division that we propose to ask the Yeomanry to act, and they are very willing to provide us with 3240 men at least. We are not driven to refer to the Yeomanry for the purpose, because, as I have said, we have three regiments of cavalry surplus, but still we should like to use the Yeomanry for this purpose. We want to encourage the best Yeomanry to make this part of the Regular Army on mobilisation, and we hope to use 3240 mounted men, who will be supplied by the Yeomanry, and who will go with the division and act as divisional troops, hold positions, and perform various other services which mounted men who are fairly trained as rifle shots can render with great advantage. Then in the second column of non-Regulars there are 10,337 artillerymen. These are the ammunition columns of which I have spoken. Then come Engineers—2423, giving engineer services, railway work, telegraph work, and so on, whom we get in the same fashion. Infantry is left blank for the reasons I will give presently. Army Service Corps 10,000; Royal Army Medical Corps, Veterinary Department, Ordnance, 30,857 men, in all, to be got upon the non-Regular basis. That is the force. Suppose you send it out in its entirety; and suppose you are engaged in a great war.

I should be asked, "What provision have you made for wastage?" My answer is, "We have calculated pretty accurately the wastage, and it is appallingly large." The wastage in an average great war is not far short of 80 per cent. per annum. You cannot calculate it at less. For six months you have to calculate for a wastage of 40 per cent., that is to say, of some 56,000 men. And the way we supply that wastage is this, partly out of the surplus people whom we have got and partly out of certain people whom we propose to train on a non-Regular basis, but largely out of infantry, in whose aid we requisition certain existing infantry Militia, with modifications which I shall have to describe. We have, of course, a considerable number of infantry of the line over in the surplus battalions. We also have a surplus of Reservists and of young men who in the first six months of a war will have matured. These form not only the nucleus, but the greater part. We shall want 9000 more during the first six months. It is proposed to ask the old Militia to furnish them in units, so that we can make them available, if not in their battalions, at all events in no smaller unit than their company.

I will come to that in due course: but I think I have now explained provisionally the composition of the striking force. The reductions in cost in the case of Army reorganisation come, I need not say, from a reduction of the *personnel* of the Regulars, just as in the Navy they come from the reduction of ships. We get our reduction in this way. We get something like 9000 men by reducing ten battalions of infantry of different kinds. We get a reduction of Regulars who are employed for garrison artillery purposes for coast defence which are now obsolete—those 300 guns of which I spoke which are coming off our coast defences, because our coast defences are now regulated on quite

other principles. There is a reduction there of nearly 2000 Regulars. Then there are large reductions in the Artillery consequent on supplementing them on a non-Regular basis, and a reorganisation of depots and other matters amounting to a reduction of about 3850 men. Then there are a lot of miscellaneous reductions. We have scrutinised everything in every corner, and we have found men redundant—too many Engineers here, too many Army Service men there, and with a number of minor items which I need not go into now, except to say that they include the Wei-hai-wei Regiment, we get off, roughly speaking, about 20,000 men. Now I want to say something to the Committee on which I lay great emphasis. The Committee demands economy, and I think I have shown the prospects of good reduction. I do not want to estimate these things in money at this moment, beyond saying this, that we shall see, if I am not very much mistaken, a handsome and substantial reduction in the next Estimates. But you will not at once reap the full fruits, and some of you may be disappointed with the amount, and I will tell you why. Whatever we do, there is one thing which I am sure the Committee would not wish. I hate to be the instrument to disband fine battalions of men. I hate, and the Government hate, and we all hate, to disturb existing arrangements, and we feel that to every extent we can, whether we disband soldiers of the Line, or discharge workmen from factories because munitions of war have not to be made to so great an extent, or whether we should reduce staffs, we ought to do it as gently as possible, so as not to allow the individual to suffer more than we can possibly help. Therefore, we propose to act on the policy of making these reductions gradually. Fortunately we are in a very happy position. I never before had occasion to bless the three years' enlistment

system which was introduced some years ago and abolished by the late Government. It was a system which failed wholly in its purpose. It was introduced to get over certain difficulties at the time, and the result of it has been to produce a very large Reserve. But that Reserve has been produced by a constant exodus from the battalions, by men coming out because their three years' term is over, and because they did not want to re-engage, with the result that, while the Reserves are large, enormous, at the present time, the battalions have been far under their normal strength. That comes in as the very gift of Providence, so to speak, because it enables me to absorb, at any rate, a considerable number of the men of the disbanded battalions who may choose to go into them. We do not know who will care to go in, and who will not. These things are very difficult to gauge, but we want to help the soldiers in every way we can out of the difficult position in which we are putting them. We do not propose to send any man out into the street if we possibly can avoid it, and we think we can provide for all the men and officers by absorption if we only take a little time. We have worked out schemes for the purpose with all the care we can, and I hope the result will be that the blow, if it falls, as it does fall, on battalions which it has taken many years to bring up to their present, in many cases, admirable condition, is a blow which will be softened by the merciful measures we are taking. It, of course, retards to a certain extent the immediate fruits of your economy, but, if you give us some months in which to make every man his offer, you will get something very handsome and substantial, and the rest will lie, not *in nubibus*, but at a distance of time that you can calculate and so realise where you can put your hand on the full fruits. So much for the

economist's side of these reductions. Now I come to what, I am sure, the Committee waits with some little anxiety to know, viz.: What are the Infantry reductions which we propose to make? Which are the ten battalions? I will take first the case of the Guards. Our proposal is to reduce the ten battalions of the Guards by two. The Guards up to 1897 consisted of seven battalions. Three battalions were added, one in 1897, the 3rd Coldstream, and the others later, the 3rd Scots and the Irish. And when these were instituted Lord Lansdowne, who was then Minister of War, stated that "It is proposed that of the nine battalions to which the establishment of the Guards will be raised by the creation of two new battalions, three shall be employed on garrison duty in the Mediterranean," with a view to relieving the strain on the short-tour battalions. Well, that never came about, the purpose for which those battalions came into existence was never fulfilled, and the result has been that the Guards have been used for another purpose. They have been used for the purpose of forming a brigade, one of the most admirable brigades in the British Army, at Aldershot. No doubt the first question that will be put to me is, "Why do you not reduce something else than the Guards?" I answer that question by saying, "Because the first consideration is not only efficiency, but efficiency tempered by justice." It would not have been fair, it would not have been possible, to make the whole of the reduction in the Infantry of the Line.

The Infantry of the Line are, after all, the battalions which do foreign service work, and which feed battalions abroad, and thus for every battalion that I struck out of the Infantry of the Line I should have destroyed two battalions—that battalion and the battalion it fed abroad. Consequently I could not reduce, under the

present condition of affairs abroad, more battalions of the Infantry of the Line. Now, the next question which I came to was this—"Did I require these two battalions of the Guards for my expeditionary force?" and my answer was clearly, "I did not." I require only six battalions of the Guards, I have ten; I propose, therefore, to reduce two. I could not justify them for the purpose for the expeditionary forces, because the expeditionary force requires so many battalions of the Line, and I could not reduce those battalions of the Line still lower. That being so, I could not justify the proposition to continue spending £120,000 a year upon those two battalions. I find my occupation, in many respects, a hard one. It requires a ruthless determination in pursuing a purpose without looking to the right or to the left. I must look to the interest of the whole before looking to the interest of the part, and I solemnly say this to the Committee—that unless I am left free to pursue these things in that way I can neither reorganise the Army on the basis of efficiency for war, nor get down the cost of it to an amount which this House and the country will tolerate. It is better for the Guards themselves that the Guards should bear their just share of reduction, and that they should be dealt with in this way. I want to say a word or two about the Aldershot Brigade. I have seen that brigade and have learnt to admire it, and I should rather not have had it broken up. But, with our reorganisation of the Guards, we shall be able to put Aldershot in what seems to me as good a position as it was before. We propose, on mobilisation, to have two brigades of Guards as part of the Aldershot force in the future instead of one as at the present time. Only one of those brigades will be continuously at Aldershot in peace, and it will be a brigade which trains with two

battalions of Guards, and two battalions of the Line—a mixed brigade.

There are very distinguished Infantry Commanders who maintain that a mixed brigade is a more efficient force in war than a brigade of battalions of one kind alone. I see my right hon. friend opposite, the right hon. Member for Newport, shaking his head. He is a military expert, and I am not; but I will tell him what was said to me just two days ago by a very distinguished general, who had gone through the full experience of the thing. He said, "The old seasoned Linesman, although he may not in some respects be as fine as a picked man of the Guards, is a man with a good deal of experience, and he can teach the Guardsman, when he goes abroad, some things that the Guardsman does not know. I have commanded a mixed brigade, with the result that I think one of the most excellent combinations you could have is Guardsmen and Linesmen in equal proportion." Acting upon that and on other opinions, I do not think the Aldershot brigade will suffer much in the future by the system of two battalions of Guards and two of the Line. Every battalion of the Guards will, in the organisation we are working out, go through the mill at Aldershot every fourth year. Moreover, in the Aldershot command, which, in the future, will consist of these big divisions, in the second division there will be, on mobilisation, a brigade of the Guards organised in peace for the outbreak of war, but not a training brigade, like the mixed brigade which I have just described. I believe that the new organisation will be looked at with a not unfriendly eye by a good many people in the Guards, who feel that the keeping of four battalions at Aldershot constantly imposed a strain which was heavy to bear. In future there are to be two brigades of Guards included in the

Aldershot force, one the mixed brigade for training, and the other for mobilisation in the event of war.

I now come to another point which has been urged. The right hon. Member for Croydon considers that the Guards are a very cheap force and he put some questions designed to bring out figures on the subject. I know nothing more absolutely misleading than the calculation of the right hon. Gentleman, who showed that the Guardsman with the average cost of the reservist worked out at a very cheap rate. The figure adopted was £29 odd, I think. Questions have also been addressed to me, the purport of which is to bring out that the cost of a Linesman is very much greater. The comparison is quite misleading. If you take the Linesman, taking into consideration that India pays part of the cost of the Reserve, because India pays the cost of the battalion when it is in service which produces a part of the Reserve, you will find that the average cost of the Linesman is very little if at all different from the Guardsman on three years' service. The Guardsman is an expensive man, his cost is necessarily rather high. The result is that, looking at the matter from the point of view of efficiency and economy, it is not possible for us to defend the maintenance of the Guards at that strength of battalions to which they were raised since 1897, and the justification of which seems to us to have disappeared. But when you come to what we are to do with them, I am glad to say we shall be able to proceed in such a fashion as, I think, will not injure them any more than can be avoided. We propose to begin with the reduction of the 3rd Scots Guards, taking time for the absorption of the men. Nobody will be deprived of his pay as the process goes on. We shall then proceed with the reduction of the 3rd Coldstream Guards, but there will necessarily be an interval before the reduction

takes place. Do not let there be any mistake about this. There is no doubt in our minds about reducing the battalion; *Transivit in rem judicatam* ;—we have made up our minds that the thing has got to be done; but there will necessarily be an interval of time, and in that interval we propose to ask the Coldstream Guards—their 3rd battalion—to undertake an honourable and important task, that of relieving a battalion in Egypt. They are a fine battalion, and it is only the necessities which arise from the consideration of the organisation of the Army as a whole that has laid upon us the painful task of reducing them.

I pass from that to the eight battalions of Infantry of the Line which we are going to reduce. At the present time this is our position. There are in India 52 battalions, there are in the Colonies 32, and at home 72—that is to say, there are 12 more battalions at present abroad than there are at home. If eight battalions are to be reduced, we have worked out with the Defence Committee that this is the proper course to pursue—and this is approved by the Army and Navy authorities—we propose to bring away three battalions from South Africa, replacing them by one cavalry regiment—they want mounted troops there—and, if necessary, another cavalry regiment. That will leave ten battalions in Africa, but not at full strength. We propose, in order to make the ten that remain effective, to use the substance of one of the three battalions to be brought home to be disbanded for strengthening up the other battalions in Africa. There will be ten strong battalions of infantry instead of 13 weak battalions, their strength being brought up to 840. There will be an additional cavalry regiment, and another, if necessary, available to go out. In the opinion of my military advisers, that puts South Africa in a better position than at present, because

it provides it with a more mobile force. In the next place we propose to make reductions in Malta. The establishment of the battalions there is at present seven, and in the opinion of the Defence Committee it ought not to be more than five. Malta has become more and more of naval and less and less of military importance. It is of use now only as a station for troops, and it is not a healthy place. We have decided that one battalion shall come away from Gibraltar, which again is more a naval than a military station, and one will come from Ceylon, where it is not wanted. The result of the whole is that we have to reduce the battalions, which means that we have to bring home battalions from abroad, and select the battalions which must be of course those linked at home, which we can reduce. Now we had to consider what principle we should go on, whether to select battalions from regiments junior, on purely sentimental grounds, or to select them from those regiments for which we have been unable to obtain the necessary recruits to bring them up to the establishment. We decided unanimously to go for efficiency and not sentimental considerations —that we should reduce the battalions inefficient in point of strength — and that being so, we had to determine which. This is the decision of the Government: The third and fourth battalions of the Northumberland Fusiliers, the third and fourth battalions of the Royal Warwickshire Regiment, the third and fourth battalions of the Lancashire Fusiliers, and the third and fourth battalions of the Manchester Regiment. All these regiments are very largely short.

The terms of enlistment are very important, and we have given close consideration to that. As the Committee knows, Mr Cardwell originally proposed the short service scheme as it once stood, that the terms should be six years with the colours, and six with the Reserves.

Afterwards it became seven and five. Then there was the unfortunate three years' experiment, with nine in the Reserve, from which a jump had to be made to the other end, nine and three, to increase the men with the colours. That is too large a period with the colours in our opinion, and after very great consideration the Adjutant-General, to whom I cannot express my obligations sufficiently deep for the immense amount of work he has thrown into this part of our proposals, has presented me with these recommendations, which are adopted by the Army Council and the Government. The terms of the enlistment for the Infantry of the Line will be, as a general rule, seven and five, with the usual extra year. The Guards will remain at three and nine; they do not go abroad. The Cavalry will be seven and five, with the extra year necessary; no change. The field and horse artillery, instead of being three and nine, will be six and six. The garrison artillery will be eight and four. What we want is to get highly-trained Reserve men. I may add here that we propose to reduce the Irish Guards, which is a battalion of colossal proportions, from 920 rank and file to 820. The Cavalry we do not touch, nor do we touch the Household Cavalry. The Infantry of the Line establishment, 805 non-commissioned officers and men, can well be reduced to 775, but one cannot go below that, otherwise one would not get the drafts; and even then that is merely about the average actual strength at the present moment. The result of the whole process is that, whereas we have now 156 battalions of the Line, of which 52 are in India, 32 in the Colonies, and 72 at home, we shall have 52 in India, 25 only in the Colonies, and 71 at home, making 148 in all. That is where I get a reduction. With regard to the Reserve, which is very large, we propose this year to close the entrance to Section D.

I have put before the Committee the full effect of the reductions, and I want to pass on to another topic which intimately concerns the soldier. We have gone with great care in the last few months into the question of how we can find some employment for the soldier in a more systematic fashion after he leaves his profession, and how we can best teach him a trade, and generally improve his material position. I do not think we can lay too much stress on the proposition that it is important that we should get quality as well as quantity. The reductions will enable us to put forward a higher standard of quality than we have been able to enforce, and we hope to accompany that by an effort to make the social condition of the soldier better than it is at the moment. For that purpose Sir E. Ward undertook to preside over a committee which has sat unremittingly on the whole question, and that committee has presented a report which has been laid on the table, and will be printed and issued in a few days. It contains a vast amount of material and a number of propositions, many of which, at any rate, we hope to be able to carry into effect. It will require a good deal of work, and Sir E. Ward and his colleagues propose to take it in hand as soon as the report is laid.

Then there is another point of vital importance, the health of the Army. There have been some reproaches in the papers to the effect that we have been saying nothing about sanitary reform in the Army and the improvement of our medical system. It is not a subject which, connected intimately as I am through family ties with medicine and science, I am likely to have neglected, and I am glad to say I have had working for me in this direction Sir Alfred Keogh, Surgeon-General, and the head of the Medical Department of the Army, than whom there is no more skilled man anywhere. He has

provided a scheme, which is already partly in operation, and defines how we are going to deal with the health of the Army in this fashion. It is all part of our organisation for war, and I am going to detail it in a few words. We propose, on the outbreak of war, to treat the Army on the basis of looking after the health of the unit as one thing and the health of the base and the lines of communication as another thing. The chief sources of disease are contact with infection, imperfect disposal of *excreta*, and impure water supply. All these things are being separately dealt with. Small things in themselves, they multiply evils to enormous dimensions when affecting great bodies of troops. First of all, field army conditions are quite different from those of the base and line of communications, and, therefore, it is necessary that there should be systematic teaching, not only of medical officers, but of the combatant officers, in order to enable them to apply the best results of medical science to the preservation of the health of their units.

Our medical training we propose very largely to improve. We have already taken the decision to make the instruction of officers include health matters and medical matters as far as they bear on the health of their companies, as well as other matters. We propose to give instruction not only to the officers but to the men. The Medical Department has prepared a manual of instruction for the soldier, and thenceforth it is to be the duty of the company officer not only to read and understand that manual himself, but also to see that his men read and understand it. We have also provided a medical school at Aldershot which is now training our medical officers. When we organise for war it is intended that the unit of organisation shall consist of one medical officer, one non-commissioned officer, and four men of the Army Medical Corps, who will have

to look after the water supply and other such services; and one commissioned officer who will supervise the sanitary police duties. These men will be trained at the new school of hygiene at Aldershot. A line of communication will be organised for the preservation of health and the prevention of disease, or something like the organisation of a civil community. It is intended to form sanitary sections who will not have to attend to the sick, but to look after the health of the troops and the prevention of disease. There will also be a general sanitary commission which, working at the base, will provide for requirements as they crop up. In that work the combatant officer and the medical officer will be brought together. We think they cannot be in too close communication. Of course, for skilled medical work, we look to the trained medical officer. But there is a great deal of other service which can only be attended to by the authority of the combatant officer. We have learned a great deal in this matter from the Japanese. But we have learned a great deal more from the studies of our own people themselves. They have worked out the problem of how to purify water by a new system of filtration. We have arranged in the approaching Aldershot manœuvres for a regular sanitary campaign on such lines as it would be carried out on in war. The water there will be declared impure—which is a great farce, as Aldershot is excellently supplied with water—and the water will be furnished from a new source of filtered supply in order to see how our organisation would work out in war. I believe we shall have as good a medical service as any in the world, if not better, and have it with something in the way of economy. We are able to reduce the provision of hospital accommodation in war from 10 to 7 per cent., which is a substantial economy.

THE AUXILIARY FORCES

I have now said what I have got to say on the subject of the Regular Forces. I will deal shortly with the subject of the Auxiliary Forces, for I am ashamed of having engaged the attention of the Committee so long. His Majesty's Government have deemed it to be their duty to put to the Auxiliary Forces precisely the same question as they have put to the Regular Army. That is—"What purpose do you serve in war?" But before I enter upon this branch of my subject, I want the Committee to understand the difficulties which confront the reformer right through the whole organisation of the Army. There has been a want of plan, a want of method: and things have grown up like mushrooms haphazardly, you do not know how or why. It is not only in regard to the Regulars that great wastage has taken place; it has taken place also in the Auxiliaries: and you come across it even in departments where you least expect it. One would have thought that in regard to the food supply of the Regular Army things would be closely looked into. About two months ago I found contracts for the supply of meat in which it was stated that all the meat must be home-bred. I know that I am now touching on a dangerous topic, in which Members from Ireland take a great interest. Well, I thought the condition about home-bred a little awkward, so I myself struck it out and put in "home killed" instead. That has been in operation for two months. Two results have issued from it. One was a comfort not to the home-breeder, but to myself. That was that we have saved a farthing on every ration, or £50,000 a year, which is a neat little economy to effect on the meat contract on free trade principles. The other result was that I discovered from

my experts that the Army got, the old form of the contract notwithstanding, very little home-bred meat, that the meat they got came not from Ireland or from anywhere at home, but from Australia, Canada, the Argentine, and other countries, whence it was brought to the port of Liverpool, slaughtered there in very large quantities, and sold as home-bred meat. I have therefore the best evidence for believing that the change has not really been to the detriment of the constituencies of hon. Members for Ireland, and at the same time we have saved £50,000 a year.

That is only a simple illustration of the little reforms you can carry out. The Exchequer has a right to demand full value for the money it spends on the Army. Remember that the cost of the Regular soldier has risen from £49, 3s. in the Estimates of 1896-97 to £66, 18s. in the Estimates of 1906-07; £13 of this increase is due to additional pay. There has been a very large increase also in the cost of the Auxiliary Forces. The Militia, which in the 10 years has fallen from 113,000 men to 90,000 men, costs £480,000 a year more. The Yeomanry has increased in numbers from 9600 to 25,000, at an enhanced cost of £420,000 a year. The Yeomanry are a very useful and valuable force, but we must put to them the question: What service can you render us in time of war? The Volunteers have gone up in cost in the 10 years to £6, 10s. per man. To them likewise we have to put the question: What services can you render us in time of war? I am sure the Committee will pity the War Minister when he comes to deal with the financial side of the problem which faces him. There are automatic increases of expenditure of large amounts arising out of things done in years past with which he has had nothing to do; and at the same time he is face to face with the duty of keeping down the

Estimates. Still, it can be done; but in endeavouring to cope with this task I think he is entitled to ask for indulgence and consideration if he cannot accomplish everything as quickly as may be desired. With these few preliminary observations, which I think are necessary to justify my position in regard to the Militia, I put to the force the question, What purpose do you fulfil in war at the present time? The Militia in old days were raised by ballot which was compulsory—although the ballot was annually suspended—and were for service at home. Even if the ballot were made compulsory everywhere the Militia to-day would not be under any obligation to take part in operations beyond the seas; and if the force is to remain on that basis I could not conscientiously advise the Chancellor of the Exchequer to continue to spend upon them the money he is spending at the present time. Their old function as a Home Defence force has been superseded by the Volunteers on the one hand, and the Navy on the other. The Militia must have a new function assigned to them in the organisation of the Army as a whole. They must either fall back into Volunteer work, in which case they would not be paid any more than the Volunteers are paid; or else they must take upon themselves the same obligation as the regular soldier, and that is to be ready to serve abroad in time of war. In time of peace they stay at home. But in time of war they can be of no use to us unless they form an efficient first line of support to the Regular Army in the field. It is therefore clear that we must ask the Militia, if they join the forces at all, and we propose to sweep away all traces of compulsion to this end, to form a first line of drafts for the Regular Army in the field, and therefore to accept the obligation of going abroad in time of war. There are two schools of thought with regard to the

Militia—one, which is represented by the right hon. Gentleman, the Member for Croydon, says the Militiaman is but an imperfect conception of what a short-service soldier ought to be. Therefore make him a real short-service soldier. The other school says, what you should do with our old constitutional force is to extend them enormously, so that they shall be not merely a support to, but an expansion of, the Regular Army.

This school looks to the Lords-Lieutenant to give new life to the Militia. The Lords-Lieutenant cannot discharge that function. For such a purpose they are as dead as the dodo. I believe new life can be given to them, and that new functions may be assigned to them, if they are surrounded by representatives of the more democratic and vigorous elements of the country, who may help them to discharge administrative duties connected with the Army. I do not propose, nor do we desire, to destroy the constitutional position of the Militia at the present time. You can keep them a county force, and yet make a great step forward. Lord Cardwell's great idea was, behind the two Regular battalions, the two territorialised battalions, to have a third Militia battalion. Behind that he wished to have depot battalions which would be available on the outbreak of war, looked after by officers probably retired, but who would be called back on the outbreak of war. Into those depot battalions all surplus elements could go, but between that and the second Regular battalion he desired to place the Militia battalion of the county. Well, the policy of the Government is to carry out the Cardwell principle, to make a closer connection between the Militia battalions and the Regular battalions than exists at present. The Militia have to elect between going into the condition of Volunteers and coming nearer to the Regular Forces. What we are anxious to do is

to take the Militia battalions and connect them with the battalions of the Regular Army, to give their officers as nearly as possible Army rank, to place the force in a better position as regards training, and generally to make it much more efficient. We propose to take the 124 battalions of Militia we have now, to review them, to lop off weak battalions, and to consolidate them, so as to make more efficient battalions, and to put behind every Regular battalion of the Home Army a third or Militia battalion. In some cases there may be more than one Militia battalion, two, or even three, where the Militia are strong, which will put a first line of Reserve behind the Regular Army. The men will go abroad with their own officers, so that they may have the feeling that they are going out with their own officers to the regiments to which they are affiliated. I know there are many of the Militia who demur to that, and wish the force to be rather an extension than a reserve for the Army; but, on the other hand, the Army take very strongly the view that the average Militia battalion is not fit, and cannot be made fit, to put into the field against the regular troops of the Continent. It is felt that the first fighting line must be filled by the trained battalions of the Regular Army. As the Militia become fit they can take the place of companies, and even in the end of battalions, cut up in the Regular Army to which they are affiliated. That will ensure the Regular Army taking an interest in their Militia battalions. Further than that we cannot go. It is impossible for this Government to spend money unless they can justify the expenditure. We hope gradually to get the Militia into shape. Valuable experiments have been made lately in Militia training, and we are making experiments ourselves which may lead to modifications in the mode of training the Militia, so as

to make them better suited to the exigencies of different districts. It is upon that principle we propose to act. Of course that will be a gradual process, and we hope in that fashion to get the Militia into shape. The Militia artillery must disappear as garrison artillery, and in a new capacity be drawn nearer to the regular field artillery.

Now I come to the Volunteers. The same question exactly we put to the Volunteers. We say, What useful function do you fulfil, because you are costing the country £1,700,000 a year, money we do not grudge if you are fulfilling a necessary function? Now, the Volunteers have definite functions which they ought to fulfil, and which to a large extent they do fulfil. If the nation went to war the Regular troops would go out of the garrison fortresses, which would then have to be defended by the Volunteers. The Volunteers are also required to repel possible raids to the extent of about 10,000 men. I think such raids very unlikely, because I believe the raiders would never go back alive. There may, however, be some power which would be enterprising enough to lose 10,000 men in order to destroy the Elswick Works or Woolwich Arsenal. They will find it very difficult, but still possible, and provision has to be made accordingly, and that is the second function which Volunteers have to fulfil. There is a third function which the Volunteers may have to fulfil, and that is to be a sort of second reserve and expansion for the Regular Army. We propose to take the Volunteers and organise them for these three functions. For the first two—namely, the defence of the Naval fortresses and the repelling of raids—it is estimated by the General Staff that 140,000 infantry Volunteers, 9000 garrison Volunteers, and 8000 mounted men from the Yeomanry will be required.

But at the present time everything is in a state of

confusion. The Volunteers who have to defend the Naval fortresses are often brought very great distances. The regions in which Naval fortresses exist do not produce the kind of volunteer who is wanted to defend them. We propose to survey the whole of Great Britain, to determine the functions which the Volunteers should have to perform in each district and county, and to say to them, "What we requisition you for is this particular kind of service. You, men of Hampshire and the Southern counties, you have to defend the great southern Naval forts." In the Eastern counties there are unguarded portions of the coast, and we may say to the men in those districts, "You must produce in each district Volunteers of the type required for the defence of the coast." In other counties we may say, "We want you as infantry of the Line or as mounted men." To other places we may say, "We should like you to take the field guns and train yourselves as a reserve of Volunteer artillery." In that way we hope to get value for our money out of the Volunteers. I have talked a good deal to Volunteer commanding officers on this very important subject, and they have said to me, almost with one voice, "Do not have any hesitation in making this demand upon us. We Volunteers have been longing, for years past, to have real functions and to be freed from sham. Make one national Army, not Regulars and Auxiliary Forces, but one entire force." Speaking from such information as I have been able to get, I do not entertain much doubt that the Volunteers will respond to what we ask of them, and will say, "We are only too glad to find ourselves with real functions."

It will be observed that the working out of all this requires great care and minute local knowledge. How are you to get the Volunteers and the number of

Militiamen required for these special services of which I have spoken? You cannot get them through the War Office. The War Office has broken down as a means of reorganising the Volunteers. The result is that battalions grow up haphazard. We must have county associations of some kind or sort. I start with the principle that unless you give some kind of home rule to the Volunteers you will not get efficient service.

We find that we are constantly maltreating the Volunteers for want of local knowledge, and we feel it to be absolutely essential that they should have some power of organisation in the counties and of controlling their own affairs. If that be so, it seems to us that the best way is to form some kind of association in the counties. It is rather an intricate subject, and I felt that it was a subject which opened up large questions indeed. You have to look, not only at the question of the Volunteers, but also at the rifle ranges. It is easy to get rifle ranges if you have owners of land interested in the subject, and who will give you rifle ranges because it is part of an organisation in which they are interested. Rifle ranges, rifle corps, cadet corps, and other things will come within the purview of the county association organised for the purpose of looking after the affairs of the Auxiliary Forces in each county. So impressed was I with the difficulty of the matter, that I asked a committee to assemble under the presidency of one who has already rendered great services to the Army by his work in reorganising it. I refer to Lord Esher. He has presided over a committee about which there have been all sorts of rumours. Indeed it has enjoyed a greater reputation for mystery than any committee for a long time. But its procedure has been perfectly simple, and on the question of the

county associations it has undertaken the laborious task of advising the War Office as to the best means of carrying our object out. The present view is that you can do a great deal by bringing in a number of representatives of the new county and borough councils, representatives of the commanding officers of the Auxiliary Forces, and representatives of the general officer commanding the Regular troops in the district; and then there are the county people themselves. I should like to see a new life infused into our counties. I should like to see the county people getting something to do. I am making no reproach against them. Function after function has been taken from them, but there is now a new chance of their doing a great and useful work for the state. I should like to see the Lord-Lieutenant and perhaps the Deputy-Lieutenants earning their uniform. The Government is not committed to any details, but the Esher Committee is making recommendations and still wants to investigate the subject. The whole matter will be held over until the autumn, when proposals will be prepared which can come forward in the shape of Bills for next Session. Meanwhile some time must necessarily elapse, though for the purposes of administration as distinguished from command and training the Auxiliary Forces require Home Rule of this kind. Command and training must be inevitably under the control of persons who command the forces of the Crown. I need only say that the Yeomanry form the cavalry of the territorial force, and we shall ask of them to furnish a detachment of the field force. We do not propose to increase by a penny the expenditure on the Auxiliary Forces, which has already grown to portentous dimensions, and I hope that there is room for economy. But we want to get out of the three or four millions spent on

the Auxiliary Forces something very substantial in this form, which will enable us to diminish the cost of the Regulars, something to bring the Army nearer to the people, to make the people more content with the Army than they are at the present time.

One word, before I conclude this subject, about the expansion of the Regular forces. This has been a subject of great discussion elsewhere. We may need expansion, but I do not believe that compulsion would be of the slightest avail for the purpose. I believe in the giving of local encouragement by every means in our power to the people, the giving to their associations that interest, not in aggression, not in the spirit of militarism, but in the defence of their homes, of their country, and of the Empire of which they form a part. Put within their hands the means of that defence, explain to the people what you want of them, and they will come to your side, and you will not have much difficulty in getting the resources you require freely and generously offered to you. But for that purpose they must have the chance to train themselves and organise themselves. It is, therefore, to my mind essential that they should be given the opportunity of organising themselves for possible war in a fashion that may lead rather to the expansion of quantity than the raising of a high quality in peace time. I should like to see every man interesting himself in possible contingencies and taking up military training, but not in such a fashion that he would be called upon to interfere with his business, or set aside his engagements. If you leave our people alone, whether they belong to the working classes, the middle classes, or the upper classes, you will find a spirit shown among them which is perfectly ready of its own initiative to undertake in sufficient numbers the training that is necessary to make the art

of war an art which is not unknown to them. So that if war broke out you could give them an opportunity of training upon a higher scale and turning themselves into a reservoir out of which you could feed the Regular Army in time of need and also strengthen the defensive power of the Empire as a whole.

I now come to the end of my task. I have dealt very lightly with the latter portion of my subject. We are still in a state of consideration about the Auxiliary Forces; but about the Regular Army and the Militia our principles and propositions are clear. About the things that remain, and which I have laid down in general principles, we are equally clear, though about them the Government reserve a considerable latitude for consideration. But I want to hear more from the Esher Committee about the problems they are considering, and I want the Auxiliary Forces themselves to consider these things. Our scheme deals with a national army as a whole. It is a linked chain, each link of which is necessary to the chain as a whole. To organise the national army for war and not for show or sham, to put it on a business footing by bringing the civilian and the soldier into co-operation for a common purpose—that is our aim and object. We are under no illusion about the difficulty of the work. It may take a generation to realise our purpose, but I am certain that the way that is most likely to lead to its realisation is for the nation to agree on common principles and on a common policy. Here the agreement should be as harmonious and as complete as the policy which prevails in respect of the Navy. We do not want one Government coming in to overturn the work of another. I would rather that the accomplishment of the great task took place by a process of evolution. No doubt the beginning is difficult. I have to-day offered

medicine to the patient which I fear may be a bitter medicine when he takes it, but the recovery of the health of the Army can only come from consolidation and rearrangement, and from a closer contact with the nation. The nation has had an extravagant, costly, ill-organised Army. Our idea is not that of a great standing force separate from the people. It is rather that of the people themselves, the nation—yes, the Empire—because I believe our organisation fits in with the organisation of the people of the Empire as a whole—the Empire organised, not for aggression, but for its own defence in cases of great emergency. These plans are the mere beginning. But we hope to work upon them without delay. The task is gigantic, and whether we shall succeed or whether we shall fail we know not. The future will not disclose its secrets; but my colleagues and I believe that in these plans we have laid, with the assistance of our experts, the foundations of a structure which will in course of time largely diminish the cost of the Army, while giving greatly increased strength. Such a structure cannot be put together quickly. Perhaps a long time is necessary for its completion; but, if the plan be true, as we firmly believe it to be true, the completion of the edifice can be secured in the end. What is wanted for the completion of that edifice is the exercise and the output of an activity which is as unhasting as it is unresting.

ON THE REFORM OF THE ARMY

A Speech Delivered in Parliament, 25th February 1907

It is the custom upon this occasion for the Minister responsible for Estimates to explain them somewhat fully, but I do not imagine that the House will desire that I should upon the present occasion linger long over that task. There will be other opportunities in the course of this week, and I have matter to place before the House which will require an economical use of time in order to bring it within reasonable compass. Therefore I propose to say very little about these Estimates. They show, as the House knows, a substantial reduction under two heads. Under the head of capital, under the loan system, which is now coming to an end, we have reduced our demand upon the Chancellor of the Exchequer by upwards of £600,000 this year, and I am glad to say that, being a conscientious Department, we have repaid to him for Sinking Fund and interest considerably more than we have received from him. In addition to that there is a sum of a little over £2,000,000, which has come off the income account, and of that reduction I wish to say something. Less than half a million is the result of the reduction in the Line battalions which took place last summer. The reasons for that reduction I shall have to touch on later on, but as regards the rest, the remaining £1,500,000, of this I may say emphatically that the Army Budget this year is a soldier's Budget. I took office deeply impressed by a declaration of Lord Randolph Churchill. He pointed out that his ex-

perience as Chancellor of the Exchequer had convinced him that the civilian economist would get nothing substantial off the soldier if he kept him at arm's length, and for that reason he made the proposition that the head of the great spending Departments of the Army and Navy should be somebody who should be closely in touch with the naval and military element. What Lord Randolph Churchill said I think has been shown to be profoundly true. The soldier is the only ultimate judge of military necessities. If he presses the matter the civilian must accept what he says. It is no use trying, as I think we have tried too much in the past under our financial system, to set spies upon him. When the spy goes he generally does not get within the lines, or if he does get within the lines he is made an end of by the soldier or captured; and the consequence is that, notwithstanding frantic efforts, we have never been able by the mere imposition of civilian scrutiny to reduce Estimates. Feeling the truth of that doctrine, I took counsel with my hon. friend the Financial Secretary, and also with his very able and devoted Director-General of Finance, Sir Guy Fleetwood Wilson, and we resolved on a different course. We went to the soldiers and said that, so far as the law and the constitution allowed, we were going to give them their head; that we would enter into a covenant with them that the things they wanted—and they were a good many—for military efficiency and for preparation for war we would do our best to get for them. On the other hand, we asked them to make a covenant with us that they would take the Estimates in hand, and would deal with them upon the footing of cutting down all things that were merely for show and were not useful for war, and of securing that the nation should, as far as possible, get value for its money. The soldiers

entered into the covenant. They get this year the enlargement of Sandhurst, on which we propose to spend £250,000 with a view to giving a better education to the young officers. They get the beginning of the programme for new howitzers, which is to bring that part of our artillery up to the level of other nations. They get the building of the Victoria Barracks at Windsor on a footing which will give the private soldier better accommodation than he has—a cubicle in place of the old-fashioned barrack, and better dining and recreation rooms. They get a much-needed improvement in the pay of the commanding officers of battalions and regiments, and various minor changes on which I need not enlarge. And these things they have secured for themselves by effecting ruthless economies in the things which they judged were not necessary for the purposes of war. I do not, as far as I can judge, doubt for a moment the opinion which they have expressed to me that these economies—I am not talking of the controversial subject of the reduction of the infantry, but of the £1,500,000—I do not question for a moment their judgment that they have not detracted in the slightest degree from the fighting efficiency of the Army or its preparation for war. But, however these things may be, there is one remark which I wish to make, and that is that it would not have been possible to get this new instrument for economy had it not been for the distinguished generals who form the Army Council. Each of them now has his functions assigned, the sphere of his activities mapped out, and a definite opportunity. This is the result of the reorganisation which was made, under the powerful chairmanship of Lord Esher, by the right hon. Gentleman, the Member for the City of London. Without the reform of the War Office, which was made then, it would, in my judgment, have been

impossible to get, at any rate in anything like the same degree, the economies which we have succeeded in getting this year, and which I trust are not the last which the soldiers will secure for the nation. I think we may probably carry the policy with advantage still further, and, following out the principle of that assignment of definite duties, add to it the assigning of definite financial responsibility. The civilian cannot check the soldier, and it is much better to place financial responsibility where real power rests. Revise his estimates, audit his accounts, watch over his proceedings, but leave him, telling him what you want him to do, to work out your economies for you. I believe you will find, if you trust him, that you have in the soldier by far the best economist to whom you could turn. That at least has been my experience in the course of the present year, and I believe it lies at the root of the possibility of securing further reductions in Army expenditure.

But I do not want to pursue this subject of the Estimates any further. It is some fourteen months ago since it fell to me to make a speech on behalf of the Government in the City of London on the subject of the Army, and I said then that I had it in commission from my right hon. friend the Prime Minister to declare that our settled purpose was to endeavour to make the Army better and not worse, and if necessary for that purpose, if necessary to bring it up to a condition of fighting efficiency, to find more men and more money. But I went on to say that we were profoundly convinced of this—that the key to having plenty of money for making preparations for war lay in frugality in time of peace, and accordingly that we were not without hope that we should find that substantial reductions could be made in the charge to the public for Army services. What was then a speculation has become, to my mind, a

certainty. I went into the matter, as far as I could, in the spirit of a plain person of business. What would one do, on coming face to face with an ordinary business problem, if one had it to cope with—nay, to put it more specifically, what would one do in the ordinary case of being responsible for the administration of a large household? Suppose one were made steward or major-domo of a great country house, where the complaint had been that the books were too high and that, on the other hand, there was too little accommodation for guests and too little provision for entertaining them—suppose one found oneself in such a position, what would one do? One would not be content with seeing, what one could see at a glance, that there was a very fine butler and half a dozen magnificent footmen; one would go down into the kitchen and see whether one could trace the source of the complaint that there was never enough for dinner; and if one found when one went down that, although there was a French cook, there were no kitchenmaids, or very few, and that upstairs there was a deficiency of housemaids, and if one went further and discovered that the garden was being kept by an altogether extravagant number of gardeners, who were not only, some of them, doing labourers' work when they had nothing else to do, but were making work for themselves, then one would begin to get some light at once on the size of the books; and if one discovered in the stable that there were very few horses and a large number of carriages which could not be taken to the station to convey the guests one would begin by selling some of the carriages and by buying horses. One would go on to cut down the number of gardeners, and with the money so saved engage kitchenmaids for the kitchen and more housemaids to look after the rooms. One would knock off a few footmen and

then mobilise for "week-ending" by getting a number of civilian waiters on a militia basis. In other words, it would be necessary to look at the organisation as a whole, and endeavour to proportion its parts, and then one would have good hope, not merely of doubling the capacity for entertaining, but of a considerable and substantial reduction in the books.

That was exactly the situation which confronted me in the case of the Army, with this new machinery of the Esher organisation, and the new constitution of the War Office which I had handed over to me by my predecessor, who had taken so large and honourable a part in constructing it, but who had to leave it before he had an opportunity of using it. I found myself in the position to use for the first time this machinery to the full. My hon. friend who sits beside me and I began by taking stock exactly as in the case of a household. I do not think the Army has ever had such a stocktaking. We have surveyed it and made out a sort of deficiency account, just as an accountant would do who was liquidating an old business and reconstructing it with fresh capital. The result of that deficiency account I shall lay before the House this evening. But when we came to consider the reconstruction there was one thing, and one thing only, that we set before ourselves, and that was this—for our reorganisation in peace all the arrangements we had to make must be based upon preparedness for war. It is preparedness for war which is the key to the sort of organisation we ought to have in peace. If you try to do anything else you fail, as we failed in our preparations for South Africa. South Africa has taught us several lessons. There is the terrible waste of public money, and the still worse lesson—the terrible waste of valuable lives. We were resolved that we would do our best with the

materials handed on to us, not only in the shaping of the new organisation at the War Office, but in endeavouring to see what would be wanted in war, and to prepare to that end.

The first thing we had to consider was the test, which is the ultimate test in these matters, of readiness for mobilisation. No army is worth anything which is not ready to take the field. As a nation, we have a genius for getting ourselves through unheard-of difficulties which would defeat most other Powers, and, after great waste, we sometimes manage to make up for our shortcomings. But preparedness for mobilisation is to-day far more important than it was in times of yore. The old generals—often men of genius—did not make the elaborate distinction between the combatant on the one hand, and the administrative services on the other—supply, transport, and so on—which it is absolutely necessary to make to-day. The reason was that the forces they had to handle were much smaller. It is impossible to handle our Army to-day unless you have it perfect in every part—perfect in the civilian as well as in the combatant services. I need hardly say that the non-combatant services are essential in order to make the combatant services effective. It is in the highest degree important that every bit of the organisation should be made to fit into every other bit. That is the thing which requires years of work and months of preparation for any particular campaign, and it can only be successfully done if the matter is taken in hand in the most thoroughgoing spirit. Now, taking this test of mobilisation, and looking at Continental armies, there is one thing which strikes the eye at once as different from our case. A Continental Power has a land frontier, and the certainty that, if war breaks out, it must give shock to an invading enemy almost within

a few days. Such a nation must prepare itself in a way which is not apposite to our case, and must throw as much as possible into the first line. They have no real second line and would simply have to bring up reserves in support, and, under their system, they would bring them up from the depths of the nation which is itself trained for war. But with us, fortunately for ourselves, we retain, and we mean to keep, the command of the seas. We are in a position to be sure that if we have this command, and if we possess a small but well-equipped Army ready to take the field in defence of any part of the Empire, and if we have behind that a second line distinct from that Army, we may then have a sense of considerable safety. We have this which stands out and distinguishes our case from that of all other nations. We need a first line which, compared with that of other nations, may be small in quantity, because it has to operate in the main across the seas, but which for that very reason must be very high in quality. It must be professional. Behind that we should have a second line resting in the nation itself, slumbering in times of peace, although prepared to be called upon only in times of supreme national emergency, but there when it is wanted for the defence of our shores and for the expansion and support of the Army abroad. Therefore it seems to me the true organisation for this country is an organisation in two lines, not three lines. So far as we can at present be said to have any organisation, our mistake has been that we attempted to make it in three lines—the first, professional; the second, semi-professional, I mean the Militia; and the third, the Volunteer organisation, purely voluntary. What has been the result? Each has been starved by the others. Our first line is full of gaps; our second line is decadent because it is not possible to find men and

money sufficient; and the third line is totally disorganised because the military talent has flowed so largely into the other lines. Instead of having a homogeneous organisation we have got a confused mass of troops coming under these three heads, but with no place in a definite military scheme.

On behalf of the Government I am going to make an appeal that goes beyond this House of Parliament to the nation. I am going to appeal to the nation to recognise that it is only in two lines that we can successfully organise if we are to have anything near perfection in military organisation, and that it is only by making sacrifices, because sacrifices will be required, that we can carry out the reforms which are necessary to put ourselves in a position of fighting efficiency. We shall have to call upon the Auxiliary Forces to give up many traditions, to remould themselves and to be prepared for war as completely and thoroughly as the first line. This is the key to the proposition I have to submit. I cannot say I approach this task without diffidence, but the diffidence would have been greater had the results of twelve months' pretty hard labour fallen upon myself alone. I have had the assistance of the best brains in the British Army and the co-operation—the cordial co-operation—of my colleagues on the Army Council. We had our different points of view and have adjusted them in getting out this scheme, which I believe represents the best mode practicable of solving the national problem. Then the whole matter has been thoroughly tested and sifted by the Defence Committee, so that we have the opinion, not only of soldiers inside the War Office, but of distinguished soldiers outside. Last year we took the preliminary step, which had become clearly necessary, of organising our first line into six divisions and four cavalry brigades. That was em-

bodied in the Army Order published on 1st January, but although the units are there and the organisation is there, and although preparations are rapidly being concluded which will put that first line into a condition of readiness, yet there are gaps—gaps which were not caused by me, but which I have inherited, and my predecessors have inherited, from the days when people in this country were slack in military matters and did not pay that attention to them which the highly scientific problem of to-day requires.

I have no hesitation in making known these things to the public because, although the British public may not be familiar with them, they are well known to the general staffs in the Rue St Dominique and in the Thiergarten. One is revealing no secret when one goes into detail of the shortcomings affecting the first and second line with a view of doing all that is in the power of the Government to set them right. As I have said, we settle upon six divisions and four cavalry brigades of 160,000 men and officers as the strength and the size of the first line. Some persons will say, "Why fix on this force? Up to now we have never talked of more than the mobilising of 100,000 or 120 000 men; now you are proposing to mobilise 160,000 men." The answer to that is very simple; I have all these men for another reason than that of putting them into these divisions. I have them here to supply drafts for the battalions in India and the Colonies. I have not learned that my right hon. friend the Secretary for India is prepared to ask me to withdraw any of the fifty-two battalions which he has already from me for the purposes of India, and which he has had much on that scale from the time of the Mutiny. We have reduced the number of troops in the Colonies across the sea by eight battalions, and they may be reduced still more in the future. I cannot

tell—that depends on considerations of policy; but I have to keep a sufficient force to supply the drafts for the battalions abroad. Whether you do it in accordance with the Cardwell system or whether you do it through depots, you have to find the drafts to keep these battalions abroad alive. Therefore we have felt ourselves justified, and more than justified, seeing that we have the material there, in putting it into the most useful form possible, and we have done it, leaving a considerable margin over, so that if further reductions are to come—I am not saying that they are coming—we have a margin on which we can draw with the least disturbance to the organisation I am proposing. From the point of view of economy and efficiency it is the best thing we can do to put the material into some sort of arrangement. It has been often asked, "Is such a force in accordance with the requirements of the Empire?" I have never been able to work out the standard of the requirements of the Empire. Given a peaceful policy, we hope that these requirements will be very small, and we ought to keep them as small as we can; but at any time clouds may come over the horizon, and therefore we ought to keep something in reserve. But, although we are not laying down any standard of requirements for the Empire, we are seeking to keep together a force which is better prepared for war than any force which we have hitherto had, and that seems to me the first step to be taken in order to satisfy the requirements of the Empire. It gives, at all events, more than at the present time, while one is prejudicing nothing and no principle. I should define the obligation of the War Office to be to keep this force of six divisions and four cavalry brigades with their military administrative services in an efficient condition for mobilisation, and to maintain them for a period of at least six months. After six months drafts

are found by the ordinary machinery of war. It does not follow that we shall use the whole of that force at once, and therefore we hope to spread out its use for a larger period of time. But with the wastage of war one feels that at the end of six months the resources of the War Office may be at an end with that amount of men, and then an appeal must be made to the nation itself. We ought to give the nation itself an organisation which imperceptibly in time of peace may enable it to come forth in a moment of supreme emergency and support and expand the force that has gone oversea. The obligation ought to be two-fold. First of all, the Government should have ready this force of six divisions and four cavalry brigades and keep it alive through regular machinery for six months, and after that the nation should be prepared to do its part. That aid should come through channels which should be provided for it beforehand to the support and the expansion of the professional Army of the country.

There is one other important consideration wholly overlooked in our organisation. It is a point which has not been applied in practice. It is this—that in modern war the combined action of the various arms is vital and essential. Suppose the infantry are attacking a position against the modern breech-loader with smokeless powder. It is hopeless to expect that any men could get unaided across an open strip of country to make a frontal attack. Their only chance of success is that the artillery should first of all help by pouring shrapnel into the enemy's trenches, and thus enable our own infantry to get up. On the other hand, it is impossible to prepare for these things without the use of cavalry, the purpose of which is to operate far ahead of the lines of the Army, to locate the position of the enemy, and, if possible, induce him to show himself. Therefore, you require a

combination of the three arms in their proper proportion and such an adjustment is just as essential as it is in the case of the household I have but lately described. You must have these things, not in excess, but in their proper proportion, so that the one can operate to the support of the other. We have defined the amount of artillery for the field artillery of these six divisions and four cavalry brigades, and we have defined the proportions in which the cavalry, artillery, and infantry should stand one to the other; and to these proportions, in the opinion of the General Staff, we should hold. In passing I may say that we are realising the enormous advantage of the General Staff. Without the General Staff it is impossible to work out and to solve these problems. We used to operate in a slap-dash way in the old days, and the result was confusion. The General Staff is the brain of the Army, which thinks out these problems; and it is to the General Staff that we owe the organisation which I am going to describe and to suggest as the means by which the requirements are to be fulfilled.

Bearing in mind that it is only through the better combination of arms that infantry can be made effective with the requisite proportions of artillery and cavalry, let me take stock of what the nation has, with a view to seeing whether we have anything like a satisfactory organisation for war. I begin with the second line, because I can come back to the first line after I have sketched the background. I take first the materials which we have got for rendering possible the formation of the second line with the proper proportions of cavalry, artillery, infantry, and administrative services; and I will see what are the deficiencies that exist in the present arrangement. I take first the Militia. Now the Militia is the oldest force in this country. It is a

force with many traditions, and it goes to one's heart to note what the scrutiny has disclosed as inevitable. The Militia must undergo a great transformation before anything can be said to justify the £2,000,000 which the nation is spending on them at the present time. Their material can be made useful, but great changes will be required, as will be seen from the present position. They have no cavalry, no artillery; and therefore the Militia by themselves would be useless for the kind of warfare which we have at the present time, except that they could be used in supplement of the Regular infantry units. They have an establishment of 131,000 men, but their strength is only 94,000 men. They are deficient in nearly a thousand officers, and their cost is going up. Ten years ago the cost was £14 per man; now it is £22; so that while they are steadily increasing in cost per head they are steadily decreasing in the efficiency of their units. Of their battalions, of which there are 124, forty-six are under 500 strong. But that does not disclose the worst feature of the organisation. Many battalions have enlisted youths who are only about seventeen years of age because they could not be taken into the Line; and these youths would be useless for war. If we had to send the Militia abroad, and if these youths volunteered to go, we could not, as a rule, send those who were under twenty; and as a large number are under twenty, the battalions are in reality much under their apparent strength. That is a deplorable state of things. That is a force which is not yielding anything like what you would expect from the men who compose it, and who, through no fault of their own, are condemned to impotence. The public spirit of the country gentlemen of this country about the state of the Militia shows the pains they still take to struggle with their difficulties, while it is impossible

not to recognise the gallantry which the officers and men have shown in the past. It is painful to see that the nation has condemned the Militia to a state of things which steadily makes for the degradation and the incapacity of the force to be useful. When one asks for the causes one finds a simple explanation—namely, the greater necessity, almost the paramount importance, of the first line of the professional Army. The professional Army must be kept alive; and accordingly by sure and slow degrees the Militia have been made the hewers of wood and the drawers of water to the Regular forces. Lord Lansdowne in a debate not long ago said—

> "The Militia has been plundered at one end by the Line and encroached on at the other by the Volunteers."

The War Office has been powerless to remedy this serious state of affairs. It is essential to the War Office to get recruits for the Regular Line. We get 12,000 recruits a year for the infantry of the Line from the Militia at present, and without the Militia we could not get them. These recruits go into the Militia young, and the Line takes them up when they reach the age at which they can go to the Line. The result is that under the existing system the War Office must control the Militia. It is impossible to get away from that, and if the Militia protests against it, the protest is met with the argument that the most important thing is to get the infantry of the Line sufficiently recruited, and if one has to suffer the Militia must go under. I think that the state of the Militia demonstrates the impossibility of organising three lines of which two shall be professional. The Militia do not come any more from the county only. They are recruited in all parts of the kingdom. They come to get a job. They are professional soldiers for the time they are engaged, and the

result is that the tendency of the nation has been more and more to say that as we pay for these men, they must go where we most need them—to the service of the Regular Line—and the conclusion we have come to is that the only solution of the Militia problem is one of two things; either the Militia must be available for drafts, or else they must revert once more to their old county place and give up their present professional substance. They must give up to the service of the Line the men who have been enlisted for a term of years, and who go out for a certain period every year and are paid while they are out as professional soldiers, and must look out for recruits—I will not say on a Volunteer basis, but on something better than a Volunteer basis—for men who give service not on a professional footing, but on a footing of voluntary service rendered to the nation and inspired by the spirit of the country in which they live. The Militia ought to go back to the position which it occupied at the end of the eighteenth century, before Pitt connected it as closely as he did with the Regular Line. If the Militia could go back to that kind of basis, there would be much to be said for it. After all, such a force as I am describing, a peace force required to be prepared only for great emergencies, is not a thing that inspires the spirit of militarism, but one that deepens the sense of responsibility. We should all be glad to see some interest in military affairs made possible for the agricultural labourers, who are cut off at present on the one hand from the Volunteers, and on the other hand from the Militia, where the period of service is too long for them. We should all be glad if the counties could go back to the old condition under which the country gentleman had the young labourers on his estate and round about working with him in his own voluntarily raised battalion. So the proposal of the Government

which I shall develop in detail later, is that the Militia, parting with their professional substance for the service of the Line, to be used by machinery which comes later, shall take their cadres over into the second Line, and there, under a proper organisation, form part of the infantry of the second Line.

Now I come to the Yeomanry, whom I can deal with very shortly because they are in a much more satisfactory position. They were organised in 1901. They have fifty-six corps, and their number is something over 26,000 of all ranks. Their cost is a little over £21 a head, and £5 for horse allowance, with 5s. 6d. a day paid to each man when training, the annual training extending over a period of from fourteen to eighteen days besides the preliminary training. On the other hand, they have no brigade organisation, no staff nor administrative service connected with them. If we came to war nobody would quite know where to put them. There, again, you have an illustration of the fashion in which our Auxiliary Forces, which ought to be our national second line, have grown up like mushrooms, without plan, without regard to efficiency or economy, with the result that a vast amount of public money has been thrown away by Ministry after Ministry, and very little added to the fighting strength of the nation, tested according to modern scientific standards. In the Yeomanry all one can say is that one has got here an element which may form the cavalry, or the nucleus of the cavalry, of the second line, and which may be adapted on such a footing as to make it render a far more immediate service than the infantry in their present condition could possibly perform.

I come now to the Volunteers, the third element which is available for the second line, with an establishment of £338,000, and an actual strength of about

247,000. They cost the nation nearly £1,800,000. They have a certain amount of administrative services connected with them, the Army Medical and Army Service Corps, but altogether in insufficient proportions. Their organisation, I think, is probably the most confused thing we have in the British constitution. They are paid in twenty-two different ways. They get a capitation grant of 35s., which is practically a premium on the enlistment of inefficients. They have no supply organisation for war. If they were at war the colonel, whose business it is to provide socks, clothes, ammunition, and everything else, would have to carry these things with him in his saddle-bags. The financial position of the commanding officers is deplorable. The unfortunate commanding officer of the Volunteer battalion is an even greater patriot than is popularly supposed. He risks not only his life, but his fortune. If he wants a drill hall for his corps and borrows money to enable him to build, the Commissioners lend him money, but practically make him personally liable. If he does not get a capitation grant and his corps fails then he has to make these things good. We propose to deal with this point drastically if the House will allow us. We propose to remove the financial liability from these commanding officers and set them free to do their work of commanding and training their corps. There is a Supplementary Estimate which I have put down in connection with this matter which looks as if it contained something very serious, but only contains something which is very innocent. I will explain it. By careful administration last year we saved a good deal of money which we did not spend. I went to the Chancellor of the Exchequer and said, Here is the grand plan of the Government; it may go through or not. If it goes through, then it is absolutely

right and essential that we should relieve these unfortunate commanding officers of this responsibility for public purposes, and make the halls free for the use of the second line. If, on the other hand, it does not go through, I said to my right hon. friend, I propose doing something which must remind him and myself of old days. We arranged to take a transfer—an equitable transfer—from the Public Works Loan Commissioners of their debt, paying them off £400,000 odd, owed to them for debts for Volunteer halls. In the Supplementary Estimate we ask the House only to sanction this transfer to the War Office. If the scheme goes through the money will go to a purpose on which, I think, we are mainly agreed. If not, no loss will be incurred by the State. At the present time of those who enlist in the Volunteer corps 80 per cent. are artisans. In the old days the Volunteer corps were a middle-class organisation, and found nearly everything for themselves. To-day the case is different. I think it is much better if we are to have a real second line that we should be in earnest about it, and should find them equipment and endeavour to make the Volunteer element in the second line as real and efficient as we can; and that is what we propose to do. We propose to take a definite and easy mode of enlistment, very much like that of the Yeomanry, and that the Volunteer should be able to resign, on proper notice being given of something like three months. In that way we should get security in his services for the amount we have spent upon him. I will deal with that when I come to what I have to say about the organisation of this second line.

Of that organisation I wish to add this—that, having got these three elements, the Volunteers, the Yeomanry, and the Militia, and our problem being to convert them into a real second line, the first thing that

is necessary is that we must do it thoroughly. No tinkering of this matter is of any use. We must have the different arms in their proper proportion, and we must follow as far as we can the standard and canons of modern organisation for war in determining the shape which the organisation should take. In order to get a proper organisation for war of all arms in their proper combination what is the obvious thing for us to do? I do not think there can be a doubt about it. It is—what has not yet been done—to apply divisional organisation to the second line. The division is the only unit in which all arms are combined and in their proper proportion. A divisional organisation enables you to have a definite plan by which you can test and see whether each part of your forces is in proper condition. The General Staff have made a careful survey for this purpose, and they find that we have the materials available. It would be odd if it were not so; for between nineteen and twenty-four years of age there are upwards of a million young men available for the second line, after the requirements of the Navy and the Regular Army have been satisfied. Three hundred thousand would be within the number we have now in the Auxiliary Forces, and if properly organised they would be a force infinitely more useful than the present organisation, which has been condemned by eminent soldiers, to whom the Government has submitted consideration of it, as useless for the purpose of modern military necessities. It is a hard condemnation, which makes, however, not the least reflection on the commanding officers or men of the Auxiliary Forces. It is the way in which we have let them drift into the present position without taking thought that has produced the sterility and impotence of their organisation and let it grow in a fashion which has in it neither plan nor

reason. The General Staff in its survey has found that a divisional organisation is possible. As those interested in military matters in the House of Commons know, Great Britain is divided for purposes of military administration into twelve grouped regimental districts, each containing four or five counties, and several depots. Each regimental district is under the command of the brigadier at present commanding the forces, one in each of those twelve grouped regimental districts. The General Staff has made a survey, with a view of seeing what they contained, and we find this remarkable result—each of them contains very nearly the materials for a division, and some of them contain a good deal more. Indeed out of the Lancashire and London districts we ought to be able to get two divisions, and out of the others, in nearly every case, a complete division out of the material we have ready to hand. Of course I cannot tell what the response to the new organisation will be; but if, as I believe, it appeals to the sentiment of the Auxiliary Forces, if, as I believe they will, the Militia, Yeomanry and Volunteer commanding officers rise to it, then I think that we shall get the men.

I have occupied such little time as I have been able to spare from the somewhat heavy task in which I have been engaged in going about nominally and ostensibly to distribute prizes for Volunteers and in making speeches which I fear have somewhat bored the country, but really for the purpose of conferring with Volunteer commanding officers; and I tried to get into as close relations with commanding officers of Militia, Yeomanry and Volunteers as possible. I found a recognition on all hands that the present state of things was deplorable, and a readiness to make an effort at amendment. I feel, of course, that in the division of opinion there are many commanding officers who will feel the change very much,

and who may fight against the departure from their old organisation. How many I cannot tell. But not one of them fails to recognise, as much as we recognise, that if there is to be a real second line in this country sacrifices have to be made which may well be called for, because the interests of the nation must predominate over the interests of anything in the nation. The survey the General Staff has made shows that in each of the twelve grouped regimental districts in Great Britain—Ireland requiring separate treatment—there is material for a division exactly analogous to the divisions into which we have organised the first line—that is to say, a division of three brigades, each of which contain four battalions. London and Lancashire districts will give two. Scotland will give us two magnificent divisions. I have had to make up my mind between having three from Scotland, which would not have fitted into the scheme of the grouping of regimental districts, or having two very strong ones; and I was naturally attracted by the prospect of having a Highland and a Lowland division; and I hope we shall organise two divisions in Scotland at a higher strength than elsewhere. We may well keep them at a higher strength, because Scotland is a part of the country which has fewer Regular troops of its own than any other part of the United Kingdom; and we have, on the other hand, a most magnificent surplus of second line material north of the Tweed.

That being the organisation I should like to say something about it. The fourteen divisions of Infantry, with their brigades of four battalions each, give the equivalent of forty-two brigades of four battalions, or one hundred and sixty-eight battalions. The existing Yeomanry if they are taken in for this purpose give us an equivalent of fourteen brigades of Cavalry, with the necessary divisional element. There are

fifty-six regiments of Yeomanry, as I have said. We can get our fourteen brigades there if they will respond to our appeal. The Artillery we require for the Territorial force is perhaps the point on which there is the largest deficiency. The Volunteers, where armed at all, are armed with ridiculous and obsolete guns. But on taking stock we find that the old field guns exist in large numbers in very good condition and can be converted into quick-firers at comparatively little expense. A battery can be converted for somewhat under £1000 to make it complete. The result is that we propose to arm the territorial Artillery with good fifteen-pounders, and convert these as rapidly as we can into quick-firers. We have taken an estimate of £10,000 for the purpose of making a beginning, and thereby we hope to organise the Artillery of the second line, so that it may be real Artillery proportionate to the other arms. Our advisers tell us that these old field guns will be very good indeed, all excellent field guns and admirably adapted to the second line. Our plan is never to allow the second line to have obsolete weapons; but, as we take weapons away from the first line, where we must always be keeping up to the highest standard, to pass them on to the second line, so that although they are the second best they shall be a close second best, and not a remote second best. Economically, and by degrees, we shall thus always be raising the armament of the second line. An army cannot go to war without its non-combatant units, without its army service corps, its army medical corps, its engineers, its telegraphists, its railway men. Where do you get a more magnificent field for drawing these elements from than in the second line? You have got the highest technical skill among the very men who belong to your Volunteer corps. No finer Engineers than

those commanded by Colonel Crompton, or those in some of the Engineer corps in the North, are to be found. I doubt whether the Engineers of the Line can compete with them in knowledge and intelligence. You have among them a great reserve not only of men, but also of officers of the very highest technical skill. And what is true of them is true of the Army Service Corps and the Army Medical Corps—magnificent corps—and the other technical services required for the mobilisation of an army. Nothing can be done with an army going to war without proper transport and supply, proper medical equipment, proper technical and scientific arrangements. Wireless telegraphy, the telephone, every modern invention from the balloon downwards, is brought into requisition in these days, and without its technical services an Army is incomplete. When we build up our second line we shall have in view the first line and its requirements in these respects, and take some of these non-combatant men, and train them in the second line, making them supernumerary to their corps, bringing them over along what I may call a bridge from the second line to the first on mobilisation, so that we may get more men for the first line at much less expense than if we placed them on a professional footing. In nations where they have compulsory service they take men according to their trade, so that we should be doing exactly what the great Continental nations do. What is more natural than that we should come to the nation itself in the second line which is the home army of peace, but prepared for emergency, and ask them to prepare for those services which they can give at much less cost than in the organisation of our first line? The House will see how this proposal to organise in two lines, having a definite relation one to another, over

what we call bridges from the second to the first line, substantially promises not only to promote efficiency, but also to diminish cost. What we hope to get is fourteen divisions of the second line as complete in every detail as the first line.

Coming to the terms of service, the Volunteers hitherto could go out of the force at fourteen days' notice in time of peace; but should war break out there was for them no such beneficent provision as existed in the case of the Regular, the Militia, or the Yeomanry. They, after a certain time, had finished their service, although their term might be prolonged for a short period for war; but the wretched Volunteer, once caught in the trap of war, was compelled to remain there, so far as any legal power to retire was concerned, until death released him. What we propose is that the recruits of the second line shall come in on a footing that will meet their civilian conditions in a more definite and more reasonable manner than with the Volunteers. It cannot be a long term as in the case of Regulars, nor yet so short a term as in the arrangements with the Volunteers. The Yeomanry are, after all, a sort of Volunteer, for they come in because they wish to serve the State. The Yeomanry force affords us the best type for our purpose, and we propose that the new line shall enlist their recruits on something akin to the terms on which the Yeomanry come in at the present time. Now as regards the appropriate period, we propose that a man should come in between eighteen and twenty-four years of age, and that he may undertake to train in four years, subject to this, that if he is minded to go, by reason of shifting of occupation, of his getting married or something of that kind, he can do so, on giving three months' notice, and paying a small sum of something not exceeding, as a maximum, £5 compensation

to the State for the amount spent on his training. It is quite right that the State should get some security for the money it spends on recruits, but we have tried to make the terms sufficiently elastic to meet the social necessities of the recruits. I do not want to dwell on this part of the subject, because it is all to be embodied in a Bill which I hope to introduce next week and on which a discussion will probably arise. I, therefore, pass from it now with this reference, that if we get them to come in for the four years' training, some of them may wish to stay, and then they would cost less, because they would be able to do with less training and would form a reserve line of the corps. I have never thought the word "Reserve" appropriate for a body whose training is intermittent, but if you are to use them as a reserve they will be men who have taken sufficient training to remain on the strength, or at any rate to remain supernumeraries of their corps. In order to keep up to their level of training they will take much less annual training than the soldier of the second line must necessarily take in his early days.

We propose to organise this force upon the county basis, and the reason why we do so is that the county is the most convenient administrative area for the purpose. On the county basis, we hope to find that we shall be able to affiliate the rifle clubs, which are somewhat unorganised at the present time, unconnected as they are with corps. We propose to bring them into definite relations with the battalions of this second line, in each county, and to make these rifle clubs places where the recruit who has gone in for four years' training may practise musketry, and where a man who has gone through his four years may keep up his musketry. We hope for great assistance from the rifle clubs, if we make them adjuncts of the organisation instead of leaving

them outside it, and so bring them into the discharge of useful and necessary functions.

Then as regards the period of annual training, the men will go into camp, or into what is equivalent to camp, much as they do at the present time, and we hope to bring them into close contact with the Regulars on those occasions. The camp will be for a period of fifteen days wherever that is possible. Many of the men will not be able to give so long a time, many will not be able to give more than eight days, but we will take them, rather than not have them, for that period. Where we can get these men to come forward we hope that they will come for fifteen days and thereby get substantial preparation. But there is another feature on which we rely still more than upon the amount of annual training and the preliminary training, and that is that we propose to make it part of the terms on which a second line soldier engages himself, should there be a great mobilisation and the nation be plunged into war, not to go abroad, because his service is for the United Kingdom only, but that he is to be embodied to train for war. We propose that if a great war were to break out, and the strength of the nation was called on, measured by the necessity of calling out all the Regular Reserve, the second line should be mobilised in its units, and be embodied for war training for say six months. And our belief is that at the end of that time (and in this we are confirmed by high military authority) not only would they be enormously more efficient than the Volunteer or Yeomanry Force is at the present time, but that they would be ready, finding themselves in their units, to say—"We wish to go abroad and take our part in the theatre of war, to fight in the interests of the nation and for the defence of the Empire." It might be that they would not only

go in their battalions, but in their brigades, and even in divisions. If given the occasion I do not know that there is any limit to the spirit of our people when the necessity is upon them. At any rate they will have that opportunity. Our principle is purely voluntary enlistment. Compulsion is remote from our mind, and I trust it will always be so. Nor do we wish to encourage anything like excessive military spirit, and we feel this, that we can best prevent these contingencies by making use of the voluntary contribution by the nation of its manhood and its strength, on such a footing, that if war break out, their engagement will become a serious responsibility, thereby making them, on the one hand, a source of strength to the nation, and, on the other hand, making them disinclined lightly to take upon themselves the perils and horrors of war which would confront them. We think that this plan of embodying the second line for mobilisation for war training, and leaving them free to volunteer, is something which will give a sufficient sense of seriousness, and that there is not a man who joins but will feel disinclined to omit any effort in his power to prevent a state of things that might separate him from his wife and family and home, and make him compelled to take upon himself the serious responsibilities of war. The engagement would therefore be to enlist for four years, with power to go out after three months' notice, and to be embodied in time of war for six months' training. That is the very essence of the proposals for increasing the efficiency of the second line, and that is the only way in which we can hope to give to it the real character which it ought to possess. In that way we hope to produce a real second line.

Such a force, of course, will require to be instructed in time of peace, during the intervals between camp

and camp, and there we think the county organisation lends itself to the purpose. We shall have instructors who will go from centre to centre on their bicycles, gathering in the young men belonging to the corps, on the village green in summer, and in the schoolhouse in winter, and giving them instruction on a more scientific footing than the Volunteer receives to-day, and than the Yeomanry has at the present time. In that way we hope to raise a force on a county basis which will be a real contribution to the second line. The great feature is the six months' training for war mobilisation. Hitherto the puzzle has been how to get a sufficient training for a Volunteer second line fitted for serious duty. A man may not be able to undertake training for such a long period as six months. We have proceeded on the footing of aiming at very much greater efficiency than anything we ever had in the past. The duties of the force will be, shortly, to garrison the naval ports, and to take the place of Regular troops and garrison Artillery and garrison Engineers, who will probably go abroad on a great mobilisation. I say a great mobilisation, because although it may be unlikely, yet it is a sort of thing for which we must be prepared. In any great mobilisation the garrison fortresses would be manned, as, indeed, at present they would be, by Auxiliary troops. The second duty will be to repel raids. There has been a great deal of discussion about the Blue Water school. For my part I never thought that the right hon. Gentleman opposite, the late Prime Minister, when he made his speech about the raids being very small, intended to say that a second line would be of no advantage; on the contrary, I think he meant to convey that if the Navy were kept up to its strength so as to command the sea, we could be content to allow the second line

to slumber in time of peace, if only we were adequately prepared for war. Raids might be serious things, and it is always possible that a considerable force might be got over. Therefore, although we rest on the Blue Water system, I do not think there is any less necessity to bring about a state of things in which our second line should be a reality. The third function will be the one I have described—a purely voluntary function. The undertaking will be to serve only in the United Kingdom, but such is the strength and spirit of the nation, of which we had an example at the time of the South African war, for instance, that I myself do not doubt that if this second line was embodied for mobilisation in time of war in its units, they would express their wish, at the conclusion of, say, six months, to go out in large numbers to the theatre of war, possibly in divisions, and so serve for that expansion and that support of which the Norfolk and the Elgin Commissions said so much. Of course, our proposal is to organise them in units, and we do think there is a possibility of expansion. It may be said that it is speculation that the Auxiliary Forces will come forward and respond to the appeal to organise themselves. I admit it is speculation, but one is bound to take some chance in these matters and make some appeal. It is the last effort to get forward upon the sort of line which we have to follow, and I believe it is because our people have objected to take compulsory service, because they have always said that they are ready, if appealed to in the right spirit, to respond to the appeal, that the Auxiliary Forces will come forward in numbers even in excess of what we are asking, and give us a force which in time of peace need not exceed a quarter of a million, and in time of war would reach the strength of 300,000.

For the purpose of working out the problem how to get from each county its quota for the divisions, for the group of regimental districts, I come now to the new piece of machinery, which I will only shortly describe, for the obvious reason that it is the subject of the Bill I shall have to introduce. We propose to create a military committee in each county, composed of commanding officers of Auxiliary Forces, with the addition of such elements as will be necessary to bring the Regular Forces into touch with the Auxiliary Forces. We must, therefore, have the General Staff, through the brigadiers, represented upon the associations. The Lord-Lieutenant of the county will in each case be the president of these county associations. I will tell the House why. It is not merely for the old technical and constitutional reason that the Lord-Lieutenant is the military representative of the Crown in the county. It is not merely that we desire to turn him a little from his present magisterial to his old military functions. But it is that we feel that he is the link with the landowners of the county, and it is from the landowners we hope to get much help and great saving to the public in our new organisation. We need manœuvre areas; we need rifle ranges. The other day, in organising the great cavalry manœuvres in Scotland, it was my duty to make an appeal to the great landowners in that country; but without pressing the appeal I am glad to say they came forward most generously and offered us more land than we needed for those particular manœuvres. I believe that if you take the country gentlemen in the right way, if you get them to interest themselves in this new organisation, they will respond to your appeal, they will make their lands available in every way, and show that their public spirit is as strong as ever it was in days of yore. There-

fore we think it very important that the Lord-Lieutenant, representing the country gentlemen from whom we hope so much for the good of the State, should be the president of the county association. Then we propose that the constitution of these county associations should vary with each county. We call them "associations" because that is a good old term invented by Oliver Cromwell. They represented in those days functions which we expect the new bodies to fulfil in our time. We want them to organise the county quota of the division, and to do the administrative work of the forces in the division. Therefore, we propose that in each county the association should be constituted by a scheme worked out by the Army Council. There will be a different scheme for each county, and it will be possible under that scheme to get proper representation of labour as well as of capital, for we must keep ourselves in close relationship with the artisan classes as well as the employing classes in the working out of this scheme. The functions of these associations are military functions. But even so they are functions not connected with command and training, which we propose to separate altogether from administration. Administration means the raising of the force, the finding of supplies, the provision of the necessities for a campaign, the payment of money, the furnishing of weapons, and so on. The command of the troops and their training will be delegated to the commanding officers of the new units —the officers who correspond with the existing Militia, Yeomanry, and Volunteer commanding officers. They will be under their brigadiers and their divisional commanders, with their general in command as their supreme chief. But the administration, the spending of the money, which will be furnished by the War Office—for we make no appeal to the rates—on

estimates carefully scrutinised, will be in the hands of the associations, who will employ it in providing their corps with all necessary equipments. Thus the commanding officers will be fully relieved not only of debts incurred by their corps, but of the burden of administration which at present weighs heavily upon them. In short, the duty of the county associations will be to look after the business side of the second-line troops of the county, and they will have, in addition to the Lord-Lieutenant as president, business men as chairman and secretary, who will carefully deal with all matters delegated to them by the Army Council. The chief duty, therefore, of the county association will be to re-arrange the existing Auxiliary Forces within the county area, and get them into such a shape that the county may supply the quota which it is to provide for the divisional organisation. The quotas will necessarily differ. One county may be strong in cavalry, another in artillery, and a third in infantry. The thing is that the authorities should study the idiosyncrasies of each locality and take what the locality can most readily and easily give. Of course, the new force must be represented at the War Office, and our proposal is that there should be a committee to represent the interests of this Home or Territorial Army. But that will not be the only connection of the troops of the county with headquarters. Who is to command these divisions? There will come a time when, no doubt, they will be commanded by civilians who have so trained themselves that they are able to control great bodies of troops. I look forward to a time when the brigadiers, at all events, and possibly the divisional generals, will come from the ranks of the Auxiliary Forces. But we want to make this thing a scientific reality in the first instance, and therefore we

think it better that we should put on the very best men we have, and men who will give their whole time to the work. Accordingly, to begin with, we propose that each of the fourteen divisions shall be commanded by a Regular major-general, who will give his whole time to his duties and who will have his Regular general staff officer, and his Regular administrative staff officer. The brigadiers may in time, no doubt, be got from the Territorial Force. We shall start, however, with the existing brigadiers; and we hope that by degrees we shall make this force more and more a really civilian military force. This, then, is the second line, which is to be behind the first line, and, as the House will see, it is a line which, if our hopes are realised, will have its proper proportion of all arms; and in the event of mobilisation will be ready to be called out for its six months' training for war. Of course, this is not a standing Army. It is rather the last resource of the nation in a time of great emergency.

I now come back to the field force, the first line, because I am now in a position to place it before the House and explain what we require for the organisation of six great divisions of three brigades. We require for the six divisions, so far as infantry is concerned, sixty-six Line battalions, and six of Guards. Of course, I am now only speaking of the Home field force, and not of the fifty-two battalions in India, and twenty-five battalions in the Colonies, which remain as at present. We actually have at home seventy-one battalions of infantry and eight of Guards. Thus we have a surplus of five battalions of infantry and two of Guards; and that notwithstanding that we made a reduction last summer of nine battalions—eight of infantry and one of Guards. The House will now see why I made these reductions. I am coming to great deficiencies and

gaps in the first line which I have to fill. At the present moment, out of the 227,000 men we have at home, counting the Reserve, it would not be possible to mobilise more than 100,000 men, for want of ammunition columns, administration services, transport, Army Medical Corps, and so forth. Never has the Army been subjected to such a stocktaking as in the last twelve months. It was carried out by the soldiers themselves with great zeal. We have found that our first line is full of gaps, and we feel that our main duty is to fill up those gaps in such a way as to make that first line efficient. I doubt very much whether you can mobilise 100,000 men at the present time. I know that a foreign General Staff—I do not know what the German view is, I am talking of another—consider that we could not mobilise nearly as many. But, at any rate, you cannot put it higher than 100,000. If these plans succeed we shall be able to mobilise 160,000. We require sixty-six battalions; we have got seventy-one; so that there are five left. If it should be necessary to take off more, I am well within what I have to keep up. So much for infantry, of which we have a surplus.

Now I come to cavalry. We require four brigades, or twelve regiments. I ought to remind the House that we have published the new organisation of our cavalry, which has been completed. The cavalry now works in three sections. There is one section, called strategical cavalry, which operates away in advance of the line of the Army in the field; it operates not only directly on the enemy, but may operate on his flank. Its purpose is to keep in touch with the enemy, to make him disclose himself, and to make reconnaissances on a sufficient scale to locate the enemy for the purposes of the plans of the general commanding the main body

of the Army. It cannot do the screen work, for which we have a second section, which works with mounted infantry and with a certain amount of artillery. This is the true screen, to use the old-fashioned expression, between the main body of the army and the enemy. Then the third section of the cavalry is the divisional cavalry, which does the work which has to be done with the troops and at headquarters. For the strategical cavalry we require four brigades, or twelve regiments, and two brigades of horse artillery. Military members know that a brigade of horse artillery has only two batteries; that means, therefore, four batteries of horse artillery. The second section, the screen cavalry, consists of two brigades, according to the general staff plans, each consisting of two battalions of mounted infantry and one cavalry regiment, and, operating with each brigade, one battery of horse artillery. The third section of the cavalry consists of fifteen squadrons of Yeomanry, and they are to form the divisional cavalry for the future. They are Yeomanry who are supernumerary to the establishment of the Yeomanry in their present corps. Each regiment is to furnish us with a troop, and we get fifteen squadrons in that way which are to go out on mobilisation with the Regulars and operate as divisional cavalry. To meet the twelve regiments which we want for the strategical cavalry we have thirteen regiments of cavalry and a competent regiment of Household Cavalry. That gives us two regiments over—just what is wanted in forming the second section of cavalry. Then for the Yeomanry we have got the fifteen squadrons, so that as regards cavalry we are just right.

In the case of Artillery the tale is not so satisfactory. According to the final working out of the requirements

of the General Staff for the six divisions, the Artillery which are wanted to make the infantry of these divisions effective to conduct its general operations—I am talking of field, not horse artillery—will be as follows:—The Artillery consists of fifty-four batteries of field artillery, twelve batteries of howitzers, and six batteries of heavy 60-pounders. I am glad to say these last are the most magnificent guns, as far as my judgment goes, I have ever seen; they are complete and are giving the utmost satisfaction. These are manned by garrison artillerymen; they have a range of something like 13,000 yards, and are of 5-inch diameter. That makes seventy-two batteries in all wanted for the six divisions. We have ninety-nine batteries of field artillery and six of heavy guns, making 105 in all. Therefore we have a surplus in artillery of guns over what is required for the divisions, a surplus of thirty-three batteries. On the other hand we are very short of the ammunition columns to man them. The House will realise that artillery organisation, owing to the introduction of quick-firing guns, is a wholly different thing from what it used to be. You have a battery with its men intrenched in their pits, you have the shrapnel bursting overhead, so that the men serving the guns are in the greatest peril, and you require the very highest trained men you can get. They have a certain amount of ammunition in each battery, but it soon runs out with the modern quick-firer, and they have to depend on the next source of supply—the brigade ammunition column. That is a small one, and is to bring up the ammunition from the rear, and it brings it up with the aid of men a large proportion of whom are drivers. These drivers have to come under fire, and, therefore, must be highly trained. The particular question which the general staff has under consideration

is as to what extent in the brigade ammunition column you can bring in Militia-trained men. We are considering that, and have not come to a final decision upon it. I have not, therefore, been able to do what I intimated I hoped I should be able to do—to substitute to a moderate extent for certain at least of our Regular artillerymen 2000 or 3000 artillery men trained on a Militia basis. I wanted these men, not for serving guns, but as drivers bringing up ammunition in the brigade ammunition column. Whether this can be done or not remains to be seen. The closest investigation is going on, because we think this is a matter of such seriousness that we ought not to run any risk. My own belief is that it can be done to some extent, but I think it right to go very cautiously in this matter. We must know first exactly how far we can go, and consequently I have not reduced a single Regular artilleryman at present. The shortage is due to the three-years' system, which has made it impossible to find the drafts. The surplus batteries which we do not want for the divisional organisation we are going to use as training batteries in which to train men for the divisional ammunition column. Of course training batteries do not require so many horses as Regular batteries for service in the field. The training batteries will have a lower establishment of horses and men, but we have not reduced the horses in the Regular batteries. We have placed some of the Regular batteries on a four-gun establishment in time of peace, but that is done by other powers, and of course when we have only a four-gun establishment we do not use all the horses at one time, but we have the same number of horses available to complete the war strength. At the present time we require a considerable number of men for the divisional ammunition

column, that is the column which takes the place of what used to be called the "park," which was an organisation adapted more to the Army Corps than to the division. The more mobile divisional ammunition column which never comes into the firing zone has been substituted for the old park. It is the brigade ammunition column that takes the ammunition brought up by the divisional ammunition column to the battery. It is hoped to get a very large part of these divisional ammunition columns on a militia basis. It is not a question of reducing, because they do not exist at present. All told, using up every man, we could only at the present moment mobilise forty-two batteries for the service of the Regular force out of the seventy-two which we require, and that is one of the reasons why it is that we could not put into the field more than 100,000 men. To mobilise seventy-two batteries, to provide ammunition columns, brigade and divisional, we require 39,000 men. Of these we have available 23,000 on the present Regular establishment. We lack 16,000, and have to get them, and perhaps to get them by converting the Militia Garrison Artillery, and by other methods, and training them for the service of the Regular artillery. That we hope to do by taking the surplus thirty-three batteries, which have got all their valuable reserve of guns, and turning them into training batteries located in different parts of the country. These will serve the double purpose of forming a training school for the drafts, and of training the artillery officers and non-commissioned officers of the second line.

Now I come to the deficiencies in transport, for the deficiencies of the Army Service Corps are equally formidable. I believe that they constitute a more formidable part of the difficulty in mobilisation at the

present moment than even the Artillery. On the other hand, these deficiencies are more easily supplied on the militia basis. We have worked out the deficiencies under every section of the Army. We find that for the six divisions we require for transport alone in the head Army Service Corps 14,800 men. We have some 12,500 of those, including 9000 Reservists, a deficit of 2500. We feel that we ought to get not only that deficit, but a considerable proportion of the others from territorially trained men, from the civilian element. Because, after all, what is the work of the kind of men who render services of these kinds? They are bakers, butchers, drivers, smiths, every kind of men who render non-combatant services. We, therefore, feel that there is a considerable prospect of economy ahead by doing what the Continental nations do, that is, going to the man who is practised and trained, and to get from him, for a small retaining fee, an undertaking to come up for mobilisation and practise his trade in the Army Service Corps. The deficiency is 2300 under the head of transport, and under the head of supply it is 1100. In the Army Medical Department the deficiency is very serious indeed. We require 8500 men to look after the wounded in the hospitals. We have 4700, including 2000 Reservists, so that the deficit is 3800. Well, we see our way through negotiations for replacing a large portion of these from civilian sources, where there are those who take a great interest in these matters. I do not forget, either, that on mobilisation we require nurses to go to the hospitals. They are an essential part of the organisation for war. Various schemes are under consideration, and I cannot speak with confidence yet. The whole topic of nurses is one that I approach with diffidence. I find it one of the most difficult that I have had to deal with. The Army Ordnance Corps is a small

body which looks after the hardware stores, and of these we have sufficient, and they might be put on a militia basis. The veterinary deficiency is very serious. We require 800 for mobilisation, and we have only 136. Of engineers we require 7500, and we have with the reserve an actual surplus and a splendid additional reserve, too, in the second line. In officers there is a very serious deficiency indeed. I calculate the deficiency of officers, including wastage, for mobilisation on this footing. We require for six months 10,200. We have 4500 and 1500 in the reserve. There is a deficiency of at least 3800 and probably of over 4000.

Then there is one other deficiency at the present moment. Besides the field or expeditionary force, we require a striking force. Without general mobilisation we require a small force to send out at short notice. Thus last year we were face to face with a crisis on the Egyptian frontier. There were rumours which made us very uneasy, and it might have been necessary to take steps at very short notice. Our difficulty at the present time is that our striking force is rendered very inadequate by the shortage in the number of available Reservists. Therefore the A Reserve has been organised, but it consists of only 5000 men, who are taken in the first year after they have retired from the colours. But not enough have come up to make up the 5000. We propose, therefore, by a provision in the Bill which I shall introduce, to increase the number of the A Reserve and also the time in which they may be obtained, so that we may create an element which will enable us to mobilise a striking force of larger dimensions, and capable of more rapid mobilisation. The plans of the General Staff as to the dimensions of that force have not yet been completed. It comes to this, that we

have all these *lacunæ* disclosed as the result of the stock-taking which we have initiated.

Now I want to speak of the remedies. In the case of the infantry, we have to supply in the first place the wastage of war. It is true that we have a surplus of infantry, but that is of units which we do not want to break up. Therefore we must have something to supply drafts for the wastage of war. The Militia cannot be used as mere draftfinding units; and therefore we propose to take their substance and organise it. Some organisation for training the drafts is absolutely necessary. In the South African War there was the spectacle of bodies of 2000 men being trained together by inexperienced officers. What we want is to get an efficient machinery to provide these drafts. The wastage we propose to provide for by certain new cadres which we call into existence. The House must not be alarmed. We propose to create seventy-four new battalions behind the seventy-four pairs of battalions now existing. These battalions will not add an additional man to the establishment, because they are only to train the substance that was in the Militia before. They will be training battalions only. They will have a considerable staff of officers, Regular and Reserve, attached to them. They will each of them train from 500 to 600 men, but they will not train them all at once. We propose to take men and train them until we have upon the list of the battalions, liable to come up on mobilisation and to go abroad, 500 to 600 men, who will serve as a reservoir from which drafts can be obtained for the Regular battalions; and the effect of setting up these third battalions is that the existing depots will be absorbed and merged. There are great advantages over the Militia, in respect of the officers and men who will be trained in these new battalions belonging to the Regular

line. In the first place, the men in these battalions will be under engagement to go abroad; and, in the second place, we shall be in a position to supply drafts to make good wastage. In the third place, these battalions will expand and take in the recruits who flow in under any great national stress to make up the number of drafts to supply the wastage of war. In the last place, they will have more regular officers than has hitherto been the case. They will have as their function to train those special Reservists, those civilians enlisted on a non-Regular basis, who are to take their training very much as the Militia do now. During the past year we have had the advantage of two interesting experiments. One was our own. We have been training twenty battalions of Militia experimentally, and we have found that it has not only been very popular and successful but we have reached a class of the population where we have done a great deal of good. The other experiment, conducted under the auspices of Colonel Pollock, has shown how much may be effected by six months' training. We propose to take these young men at the age of seventeen, and we hope to get from them 12,000 recruits for the Line annually, and also the requisite supply to meet the wastage of war of trained men. They will engage to enlist for some six years, and come up for fifteen days in the year. This nucleus or training battalion will thus train non-Regular or special Reservists to supply the drafts for the Regular Army; but they will also, as they have a great supply of officers, form, we hope, the training school in which the officers and non-commissioned officers of the second line will get their training. They will be distributed about the country, and we hope in this way to get a better elementary training for the officers of the second line. The higher training must be done in instructional

schools organised by the General Staff and working in conjunction with the commander of the command, but the elementary training we hope to be able to give in these nucleus training battalions. These local training schools will have a locality from which they will not move. They will not be battalions which will ever be as such mobilised into actual fighting battalions, but they will be training battalions from which provisional or rather composite battalions will be drawn on stress of war.

Mr A. J. BALFOUR (City of London)—They will never go abroad.

Mr HALDANE—No; so far as they remain merely training battalions they will never go abroad. [An Hon. MEMBER—Do you pay them?] Oh yes, just like the Militia. They have the training and get the pay. They will form mobilisation centres. The Regulars will recruit there; but, instead of training at the depots, they will as a rule, we hope, go at once to the second or home battalions. We should like to give up the training of Line recruits in the small depots. I think the right hon. Gentleman opposite will agree with me in this, that trying to train in small depots is no use, and we propose to send recruits to the home battalions as far as we can in the future, and to keep these new battalions for the purpose of depots for the training of special Reservists. Their Staff will consist, besides the half-pay colonel, who will come up when he is wanted, of a major and four captains. When the recruits come in, in large numbers in time of war, and when these battalions expand, they will remove to the barracks which are rendered vacant by troops going abroad, and these officers will go with them. What we hope is that they will form great double-company battalions—four double companies—each of which will be commanded by a Regular captain,

and that they will form a training school for finding drafts for war much better than anything we have had up to the present time.

To sum up the effect. The Militia cadre, of which there are generally two staffs at each of the depots, will shed its substance, which will go into these new training battalions which are to be trained by Regular officers. Militia officers will belong to the reserve of officers attached to the battalions if they so wish, and those who do not so wish, will go to the second line and take their cadres there, and, on a county basis, enlist recruits of a different kind, who will now be, I hope, on the footing and trained on the terms I have described. These terms, with their county basis, make the organisation of what is the second line no longer analogous to the old Volunteer organisation, but analogous to the true Militia basis such as existed before Pitt began that process by which they lost their county character. The conversion will, as I have said, be a gradual process, but the machinery I can describe with greater appropriateness on introducing the Bill than it is possible for me to do at the present time. Ireland has got no Volunteers, and therefore for Ireland we have had to make special provision. She has got a splendid Militia, and we propose to make these third battalions just as we have in the other case. We propose to put third battalions behind each of the eight Irish Regular pairs, and we propose that, while that third battalion resembles the training battalion of regiments in Great Britain, there shall be behind it at least one battalion, and probably two battalions, in four or five regiments, formed by the existing Militia taking service under the new terms for special Reservists, that is to say, engaging to go abroad and to find drafts—but embodied in their units and kept as a sort of Militia. Observe how

valuable a dozen of these battalions will be to us, and we hope to get them by amalgamating and bringing together the Militia cadres which exist now. We shall be able to send them to relieve Colonial battalions. It may be that these Irish Militia battalions will have to be asked for that purpose. We may think it necessary to take some of them as A Reservists of the new class or we may think that sufficient of them may volunteer to enable us to get the necessary number. Generally the Regular Army will in the training battalions have, we hope, a self-contained infantry organisation and will not depend any more on the Militia, which will have reverted to its county basis and taken a new class of recruits.

Looked at in the concrete, I will, by way of illustration, to make the plan more intelligible to the House, take the county of Norfolk. Norfolk has got a famous regiment of two battalions. At this moment one is at Bloemfontein and the other is at Warley, in Essex. Under the new system the depot will be, as at present, at Norwich, but it will be a depot for training only special Reservists. As the recruits come in they go off to Warley to be trained for the home battalion, while Norwich will be training from 120 to 150 men at a time to keep up the reservoir of 500 or 600 men who are on the roll and who will be called up on mobilisation. The six days' musketry will be given where convenient in the neighbourhood of the training battalion. The present staff consists of two Militia staffs and four officers, one of whom is a major, and sixty-one non-commissioned officers and men, who form a third staff. For the future the Regular staff will be enlarged, and part of the Militia will have been brought in, some as Reserve officers of the second line, and consequently we shall get one strong staff. The nucleus of the battalion, which, upon war, will remain a training battalion, will go on expanding so as to

throw off a large provisional battalion of trained drafts. That seems to us to be a very much more satisfactory organisation than that of the present time. The Reserve officers will, of course, become Regular officers, and as such they will have their function and play their part. I have spoken now of what I call the first of the bridges—the bridge between the first line and the nation—and these bridges are the road by which we wish to bring the Army much more closely to the nation than has hitherto been the case, and if possible to interest the nation more closely in it, and make it feel more closely that it is its own possession.

The next I come to is the artillery. The shortage in artillery at the present time is not due to reduction but is due to the three-years' system. That system produces the wrong Reservists, and we are beginning to feel the evil of a short time with the colours and a long time in the Reserves. I have had this year to place a sum of £4000 on the Estimates for the training of the Reservists under the three-years' system. I have described the ammunition columns, and I have spoken of the thirty-six training batteries which we propose to organise in the shape of twelve training brigades in different parts of the country. These are to be local artillery schools, just as we have got local infantry schools. They will also serve as depots for the purpose of Regular recruits. We have reduced the number of depots for the Regular artillery, but we propose to add these new twelve training schools or brigades, which also will be localised, territorialised, and which will train men on what I may call the special service basis—civilians who give a certain time to military work and who are prepared to take an engagement to come up at once on mobilisation. We propose to train, on that footing, the whole of the artillery

which goes with the divisional ammunition columns. We hope in that way not only to be able to get a divisional ammunition column but possibly also to provide part of the brigade ammunition column. At least, we shall be providing a number of people available for the artillery. The establishment of each of these brigade schools will consist of a colonel, three majors, and six other officers, and about 150 non-commissioned officers and men and 125 horses. These training brigades will have a small number of guns, probably two to each battery—at the most four—and it will in that way be able to train as large a number of men as can get an efficient training. In addition, just as the infantry third battalions form an infantry school battalion where officers and non-commissioned officers of the second line are to get some training, so these will be local schools which will train second line officers and non-commissioned officers. On mobilisation they will also train the drafts, and, as each has got the whole of its guns in reserve, the country will have the comfortable feeling that it is not denuded of its artillery, and that there are field guns of the most modern pattern which, I have no doubt, will be admirably used by some of the new territorial artillerymen whom we propose to train up under the new system which brings the new artillery organisation into the second line.

I now come to the cavalry. The cavalry organisation is one of the most difficult problems which we have. There has been a vast divergence of opinion, some wishing for large depots to train the cavalry, others wishing to train up the cavalry with the regiments. Many believe the best training is the training which is given with the regiment; but be that as it may, what we have to do is much simpler than in the other case;

what we have to do is to train these fifteen squadrons of Yeomanry, a troop being furnished by each regiment, who are to form the third section of our cavalry in our new cavalry organisation. For that a certain amount of local training is wanted, and we shall have to organise local cavalry schools on a modest scale. We shall have to organise them so as to give that training. Then there is the Army Service Corps. Just as we have brought across the Yeomanry squadron from the Yeomanry, so we propose to bring from the second line men who have engaged for mobilisation, and who have been paid a moderate sum for doing so. We have negotiated these things, but I do not wish to go into details about it just at this stage. We hope to get an Army Service Corps organisation for the territorial force, and we hope also to supply the deficits of 2300 in transport and 1100 in supply, of which I have spoken, in the six divisional organisations. These men will, of course, be supernumerary. We shall be able to bring them up to Aldershot for any extra training that they want, or possibly it may be done locally. This is being worked out under the eye of Sir William Nicholson, the Quarter-master-General, with Sir Edward Ward and General Clayton, both of whom have great experience of Army Service Corps organisation. In the case of the Army Medical element there again we have to have our special bridge between the two lines, and the special contingent that we want for the field force is some 331 medical officers, thirty quarter-masters, and 4400 men, which will provide for wastage and give us enough to make up the deficiency which we require for mobilisation of the first line. We propose to organise—and the negotiations for it are in progress—a large territorial Army Medical Corps analogous to the Regular Army Medical Corps. The British As-

sociation have already taken a great interest in it, and have suggested that we should organise our corps not merely locally but as a great corps—just as the Engineers and the Artillery are great corps—organised under the Director-General of Army Medical Corps. We have accepted that suggestion and are going to organise one great Army Medical Corps, and we hope in that way to get a very large number of people connected with the medical profession to take an interest in the Army Medical branch of the service, both Regular and second line. In that fashion we hope to get both officers and men who will go out on mobilisation. I may say that we entertain no doubt that we shall be able to succeed to some extent in that, and we think to the full extent of our desires. As regards the engineers, we have got enough engineers for the Regular Forces—we have even a surplus; and it is a great asset to the nation that we should have the magnificent technical corps that we have in the second line and that we do not propose to cut down—on the contrary, we propose to organise that element rather strongly in the second line forces and thereby have a reserve of strength in case of emergency. I doubt very much whether there is any better class for working in the field, even under fire, than you can get in the highly-educated men who are to be found in some of the corps in various parts of the country. In all these cases these men, so far as we want to supply deficiencies in mobilisation, will get a retaining fee. They will get, of course, a handsome bonus on mobilisation, and they will be paid at Army Service rates while they are out for training; and generally we shall adapt the terms of their service to the requirements of their position. I am getting towards the end of my task. It is almost impossible to shorten it, but I am trying to condense.

Now I want to touch on another subject. To my mind there is no more serious problem to be solved than how to get over the deficiency of officers. We want 4000 to make up the deficiency for mobilisation for the Regulars, and about 6000 to make up the deficiencies of the second line—that is, assuming that we should have only those that are already there for the second line. Well, the present Reserve is made up of officers who are middle-aged. Many of them would not be available, although they would be very useful, if the country was denuded of younger officers, in coming up to the training battalions and taking their place in training drafts. We have thought it right to make the most searching investigation we could into this officer problem, and we appointed last autumn what we conceived was a strong Committee, and what, I think, has borne out its reputation as a strong Committee. Sir Edward Ward, who has great experience in organisation, presided, and we saw that there was only one source from which we could hope to get young men of the upper middle class, who are the usual source from which this element is drawn, and that was the Universities and the big public schools, like Eton and Harrow and other public schools of that character, which at present have large cadet corps. You are not in danger of increasing the spirit of militarism there, because the spirit of militarism already runs fairly high both there and at the Universities. What we propose to do in our necessity is to turn to them, and to ask them to help us by putting their militarism to some good purpose. They are willing to do it, and their willingness will go a considerable way towards helping us to solve the problem. We thought it necessary to put upon that Committee representatives of the Universities and public schools. On that Committee are

sitting Professor Hudson Beare, of Edinburgh; Professor Bourne, of Oxford; Colonel Edwards, Fellow of Peterhouse, who represents the University of Cambridge; the Rev. Mr David, headmaster of Clifton; Lord Lovat, who has taken a great and distinguished part in this matter; Major-General Ewart, Director of Military Operations, formerly Military Secretary, who has great technical knowledge; Brigadier-General Wilson, Commandant of the Staff College; and last, but not least, a representative of the Finance Department, to see that all goes smoothly there. That Committee has made an interim Report, and I am going to take a very unusual course. This question is so intricate, and it is so impossible for me to explain it within compass that, finding the Committee had got to general agreement on certain broad lines, I asked them to make this interim Report in such a fashion that I could lay it on the Table of the House, that Members might study it in detail. I am not bound by that Report. The Army Council has not yet considered it. We approve of the general lines most heartily, but we have got to consider the details. My right hon. friend (the Chancellor of the Exchequer) has not considered it. He has approved of the most general features of the scheme, and he has allowed me to put £50,000 on the Estimates this year to give it a start and make it a reality. But, of course, it will cost a great deal more than that. It may cost in the end £250,000 a year. But I have provided for that by automatic savings which I have been able to make, because this question of the officers is a problem so vital that one would rather cut off some things than leave it unsolved. I have, therefore, arranged these automatic savings, which will cover the full cost, even if it should amount to £250,000 a year, which is a very outside figure. How-

ever, my right hon. friend has not yet considered the details of the scheme, and neither he nor I am bound—nor is the Committee bound. We have been in close consultation with the headmasters and the Universities and other authorities, and we have their approval of the main features of the proposals of the Committee. Accordingly, although the Committee's Report is a detailed Report, it is not the final word, and they have prepared it merely at my request to meet the convenience of the House by giving it something on which Members could form a judgment. It will be on the Table to-night, and hon. Members can take it and consider it. Here are the broad features of it. The Committee studied the systems of France, Germany, Russia, and Japan. France has her own way of obtaining a reserve of officers. They are officers from the non-commissioned ranks—a way which she can use, but a way which is not adapted to our necessities, since we have not the material which France gets through her compulsory system. Germany and Japan, and, to a considerable extent, Russia have all hit upon the same scheme. They take the officer whom they want to train for the Reserve, and, having satisfied themselves that he is a well-educated man, they attach him, *à la suite*, to a Regular unit; and there, after a year's training, and on passing a further examination, he goes into the reserve of officers. He is called up from time to time, and on mobilisation he becomes a Regular officer at the foot of the rank to which he belongs, and joins the battalion. We want a reserve of officers for two purposes—one for the Regulars, and one for the second line, and we propose to take the standard, that has been found sufficient on the Continent, of a year's attachment *à la suite* to a Regular unit—whether it is cavalry, artillery, or infantry it comes to the same

thing. We propose to do something more. A man may take his year *à la suite*, but if he has done well in the cadet corps, then two years' service in the cadet corps permits him to take what we call Diploma A, which lets him off four months of the twelve months which is to be passed *à la suite*. If he goes on from the public school to the University, which in a considerable proportion of cases he does, and takes a couple of years with the University corps under the lecturers, who in most of the Universities now give some of the military instruction, he can get a second diploma, called Diploma B, which will let him off four months more, so that he will, in order to become a Reserve officer, only take four months *à la suite*. Diploma A brings him to the level of instruction of a second lieutenant of the Volunteers —not a very high level, but ensuring a certain amount of instruction. Diploma B carries him up to the standard of a cadet after six months' training at Sandhurst or Woolwich. That is the way in which we hope to get a considerable number of men. Well, we propose to form an Officers' Training Corps, which shall be in relation to these cadet corps and University corps, and which will supervise and help them, and see that they train up to a standard requisite to justify us in making the man who has got the diploma have a title to be relieved of a certain amount of service *à la suite*. That is the scheme, and we hope by it to get a very substantial addition to the number of officers which we have got at the present time. The calculations are somewhat complex, and I propose to leave them to Papers which will be laid on the Table of the House this evening. It would take me too long to go into it, but the House will see that the problem will be nearly solved if these officers take their service *à la suite*. These officers when they join the Reserve will probably

get an outfit costing about £40; they will also get an initial payment of a retaining fee. Those who are liable to mobilisation will get an annual fee of something like £20. These details have to be worked out between my right hon. friend here (the Chancellor of the Exchequer) and the Army Council.

Mr ARNOLD-FOSTER (Croydon)—For how long will they be engaged?

Mr HALDANE—They will be engaged from year to year. We think that will be the best plan. To-day officers can send in their papers at any moment, and we think the year the best plan, therefore, to follow with the reserve of officers. That is the provisional suggestion of the Committee. The result will be, if our plans are realised, that the Army generally will have two lines. As I say, we are only projecting the doing our best, but we hope that our best will be realised. The Army will have two lines with bridges between, over which the Regular officers will pass for training and commanding the second line. The first line will be mobilised completely to the extent of six divisions and four cavalry brigades. All my calculations are based on the complete mobilisation of the front line, and the result will be that on mobilisation the effective strength will be fifty to eighty per. cent. more efficient than at the present time. In the first line, when they mobilise, the strength will be 160,000, a figure in excess of the very sanguine estimate of 100,000, while another estimate is only 70,000, but we should have a struggle to provide the former figure at the present time. The second line would be free from the confusion of infinite separate regulations, separate modes of payment, and separate Acts of Parliament. We propose to pay everyone in the second line on the same footing as the Regulars.

Mr WYNDHAM (Dover)—Will that apply to the Yeomanry?

Mr HALDANE—Yes. The right hon. Gentleman fears that we are destroying the Yeomanry by asking them to take the terms which are given to the Regular Army. I do not agree with him. I think that giving 5s. 6d. in a lump to the Yeomanry was a very doubtful experiment, and I do say this, that if you keep the Yeomanry on that principle of payment, you will ruin the rest of your forces and create a sense of injustice and unfairness. We must make some sacrifice in the interests of the nation. We shall appeal to the patriotism of the Yeomanry and of the officers commanding that force, and I am sure that the right hon. Gentleman would be the first to appeal to them to discharge the part of becoming Regular soldiers of the second line, so that the honour, the rank, and the pay in that line correspond to the honour, the rank, and the pay in the first line. On no other footing can you get an organisation that is worth having. It is just like the case of a field army brigade who had their 5s. a day, which created unrest and dissatisfaction among the whole of the Volunteers. I appeal with confidence to the nation, and I feel sure that the patriotism of the country and the result will show that all men will come forward in this Home line. They will be indemnified against cost, they will be taken care of and looked after in the field, they will be relieved of all expense, and when war comes separation allowances will be given to those who have families, and who are prepared to take their part in serving the interests of the country.

Mr WYNDHAM—How are the horses supplied?

Mr HALDANE—For our second line we require over 120,000 horses. I hardly thought we should require so many, but I have taken that number and an estimate

of £5 a horse, which I think is a very large amount. We wanted, however, to be on the safe side; we have calculated everything very liberally and worked the matter out accordingly. The amount is the same as is given to the Yeomanry at the present time.

What are the general advantages, Sir, which we shall reap? They are, in the first place, the definition of functions. To that we attach the utmost importance. Each army and each line will have its functions in the great national organisation. The second important thing will be readiness for mobilisation. We may reasonably hope to be free from any more South African experiences. The third advantage will be that the second line will be available from the first, and will improve monthly up to the sixth month, and, as we hope, will be a really efficient force, which will render the country quite free from anxiety as to raids. It will be essentially a peace organisation, because it implies the assent of the nation to the calling of this second line into activity, and, as I hold, it will bring home a sense of responsibility and of meaning in all these things to our people, while it will allay uneasiness and leave our minds free for social questions. It will give us an organisation, which will have the advantage of being self-contained, each division being self-contained, but capable of being expanded or contracted according to the necessities of the time. If a period comes in which the nations generally agree to reduce armaments and go about it gradually, we shall be able to take off a division from both lines without destroying the organisation as a whole. We shall be able to reduce our force slightly, or we shall be able to expand it under the machinery we have created, should the necessities of the nation make it essential. It may be said that a force so created is analogous to the forces of a province which

is threatened with invasion, and which has an army organised on modern lines. The out-posts are on the frontiers always ready, representing our distant corps which to-day are serving across the seas, in the far-away places of the Empire which they police. They are the out-post lines. Then our Regular army, acting in combination with the Navy, constitute what may be called the reserve of our out-posts, not so completely in readiness as those who are beyond the seas, on the frontiers with their rifles in their hands, yet still in a high state of preparation and ready to start to the assistance of the first line of out-posts. Behind that is the main body of the Army of the King and of the nation in reserve, scattered about in our towns and villages, slumbering, it may be, but prepared on short notice to go to the rescue of those who may be called upon to endure a sudden and severe attack. We see no reason why in this way we should not be able to get something like equality of strength with establishment. One of the scandals of our arrangements hitherto has been the non-correspondence of strength to establishment. It will interest the House if I compare the establishment of to-day with the establishment as it will be should this scheme be worked out. To-day we have 134,000 Regulars serving on the Home establishment, and 122,000 in Reserve. We are slightly short of the establishment in strength, but that is intended to be made up, and therefore I take no account of it. But the Militia, who are 131,000 in establishment, are shockingly short of that establishment. The Yeomanry are very nearly at full strength, 27,000; and the Volunteers are much below establishment, being 338,000 in establishment. The total forms an establishment of 754,000 men at home. Well, the establishment that I am proposing, and which deals, I hope, only with

realities—that is what our efforts are being directed to—will be a much smaller establishment, and will be only 621,000 as against 754,000. But we shall be up to strength, and if you take the reality there will not be so much difference between the actual strength of the one and the other, and the average may be very much the same. You take the substance of the Militia and you divert it to your special contingents, to your special service men—for the artillery, for the infantry, for the cavalry, and for other purposes, and that special service contingent will amount to about 80,000 all told. That is against the Militia establishment which is disappearing on the basis of 131,000, so that you really diminish the establishment in that case. Our territorial force has a war establishment of over 300,000, including about 12,000 port defence troops.

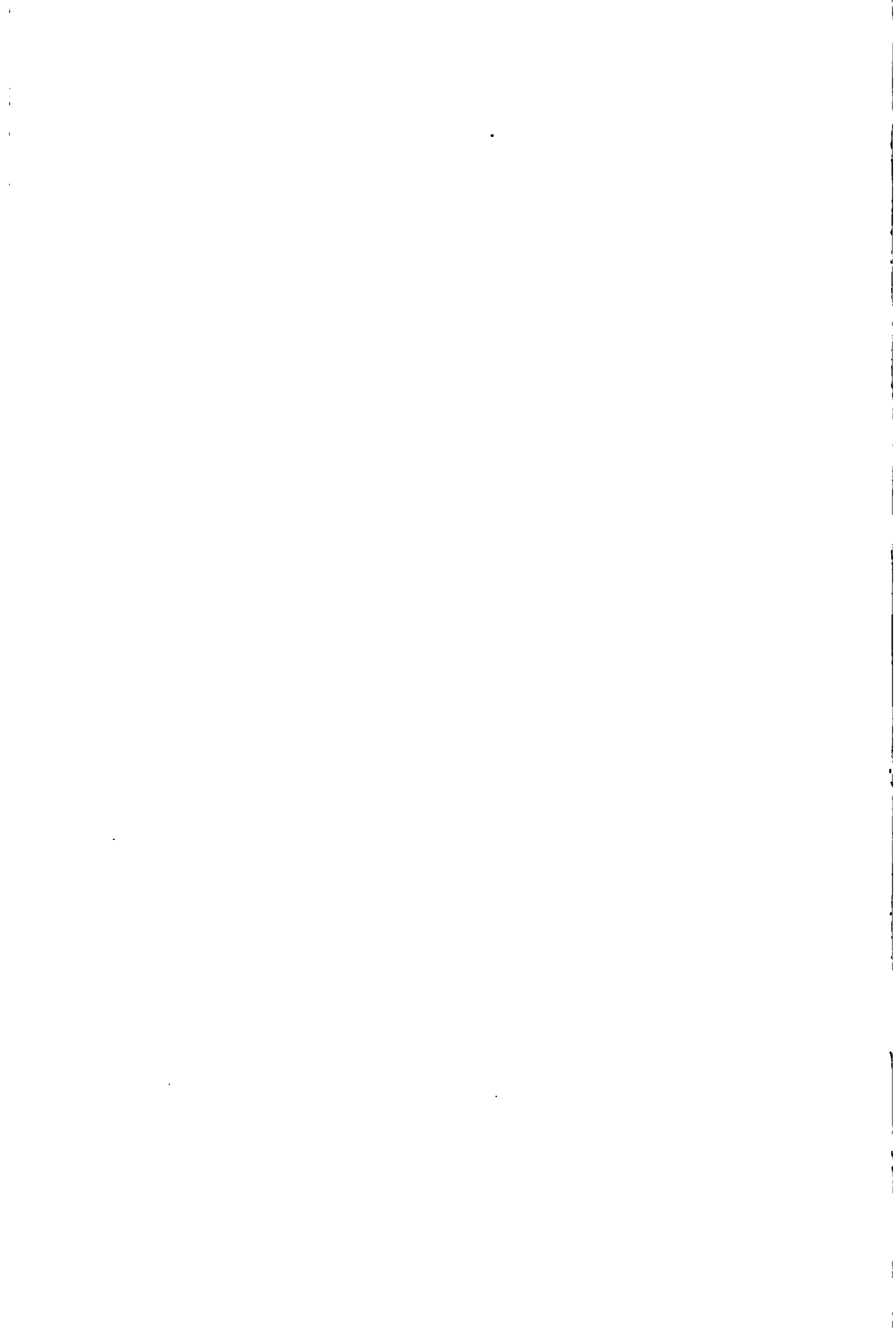
Now, Sir, the House will ask about the cost of all these things—what we are going to spend on this new line, on the artillery and all those things with major-generals commanding divisions—on this organisation which we are endeavouring to make as complete as possible. Here, again, the House must remember that these matters are very apt to be misunderstood. Because they cost a great deal in the present time, it does not necessarily follow that the cost is as much under other systems. The Swiss Army, which has a very effective second line, has about 250,000 men, and about 250,000 in reserve, and costs only £1,200,000 a year. But, of course, we cannot do anything like that in this country. Feeling that this matter of the cost should be tested very thoroughly, I asked the Finance Department of the War Office to make a searching investigation into the question, in conjunction with the General Staff and the Committee now sitting under the direction of the Army Council. They are working out the details of

the scheme, furnished with all necessary materials. At present our Auxiliary Forces cost us £4,400,000 a year, and they have an establishment of between 300,000 and 400,000. Our second line, if this scheme succeeds, will be 300,000 in number, and will cost, according to the careful calculations of the Finance Department of the War Office, £2,886,000. The whole thing has been taken on the basis of the Army service rates; the salaries from the major-general downwards being the same as they would be in the Regular Army, and it works out at a figure which is extremely small compared with what we are spending on our Auxiliary Forces at the present time. I have got to pay for training schools and other matters for which I have not all the details before me now, but I can do so within the margin of one and a half millions. I am well within my figure when I say one and a half millions, and in this, with the £2,886,000, you will have the sum we are spending at present upon the Auxiliary Forces. I think it will be interesting to the House to have these calculations before it, and I have arranged for a Paper containing the whole balance-sheet to be laid upon the Table to-night showing the whole thing upon a war strength. We shall not get the war strength, however, for years, but it is best to put in everything that is required.

I am coming to the end of my statement. As regards our future discussion, what I think would be the simplest plan would be to get you, Mr Speaker, out of the Chair to-night and continue our discussions on Vote A and Vote 1. Then next Monday I propose to bring in a Bill providing the machinery for putting the Army upon the territorial basis, and on this the whole discussion will be open, and there will be a Paper giving a *précis* of what I have said now. The preliminary discussion can be taken on Wednesday and Thursday

and the Bill next Monday. I propose to print the Bill at once and leave it until after Easter, so that it can be well discussed in the country. Then there will be material for a complete discussion on the Second Reading. I believe that only a young and strong Parliament such as this would be capable of discharging the task which lies before us. It could not be accomplished by an old Parliament, but only by a young Parliament full of vigour and fresh ideas. The Parliament which I am addressing may accomplish the first stage. I feel that if this is to be a reality and a success it requires the work of more than one Parliament and more than one Ministry, for continuity is essential, and that is why I am anxious not by word or suggestion to come into conflict more than is necessary with those who hold different views. We shall have to ask the Auxiliary Forces to take upon themselves considerable hardships, but we feel that they cannot at present become effective. Therefore it is better to help them and make things smoother for them by conceding points which are immaterial and insisting only upon the material principles. The work will take time and the transition must be gradual. The task is gigantic, but one feels that, after all, when the nation is willing, of such a task may be said what is recorded by the prophet Zechariah when the angel appeared and exhorted Zerubbabel, Governor of Judah, "Who art thou, O great mountain, before Zerubbabel thou shalt become a plain." What we ask for now is not the opinion of the House upon this scheme as a whole, for that the House cannot give without consideration—time and caution are wanted for such a great undertaking. But we ask that the first step should be taken by considering the question of entrusting us with sufficient powers which we can apply gradually under

the supervision of Parliament, and report our progress from time to time. The transitory provisions of the Bill make allowances for a comparatively gentle and slow procedure. We shall go slowly; there will be no coercion, but there will be no further recruiting for the old corps on the old basis. All these things will be made plain in the Bill. We are at the beginning of a long undertaking. Our plans are made out in greater detail than I have put before the House, but I think I have shown the kind of machinery we seek to introduce. If Parliament and the country approve of our endeavour we shall go resolutely forward on the road that we have mapped out, not hastily, but cautiously and considerately. All that we ask now is that a first step should be taken towards placing in our hands the instruments necessary to enable us to make a beginning with this gigantic task, and, if that is granted, we shall proceed to the next stage of our work resolutely and with good heart.



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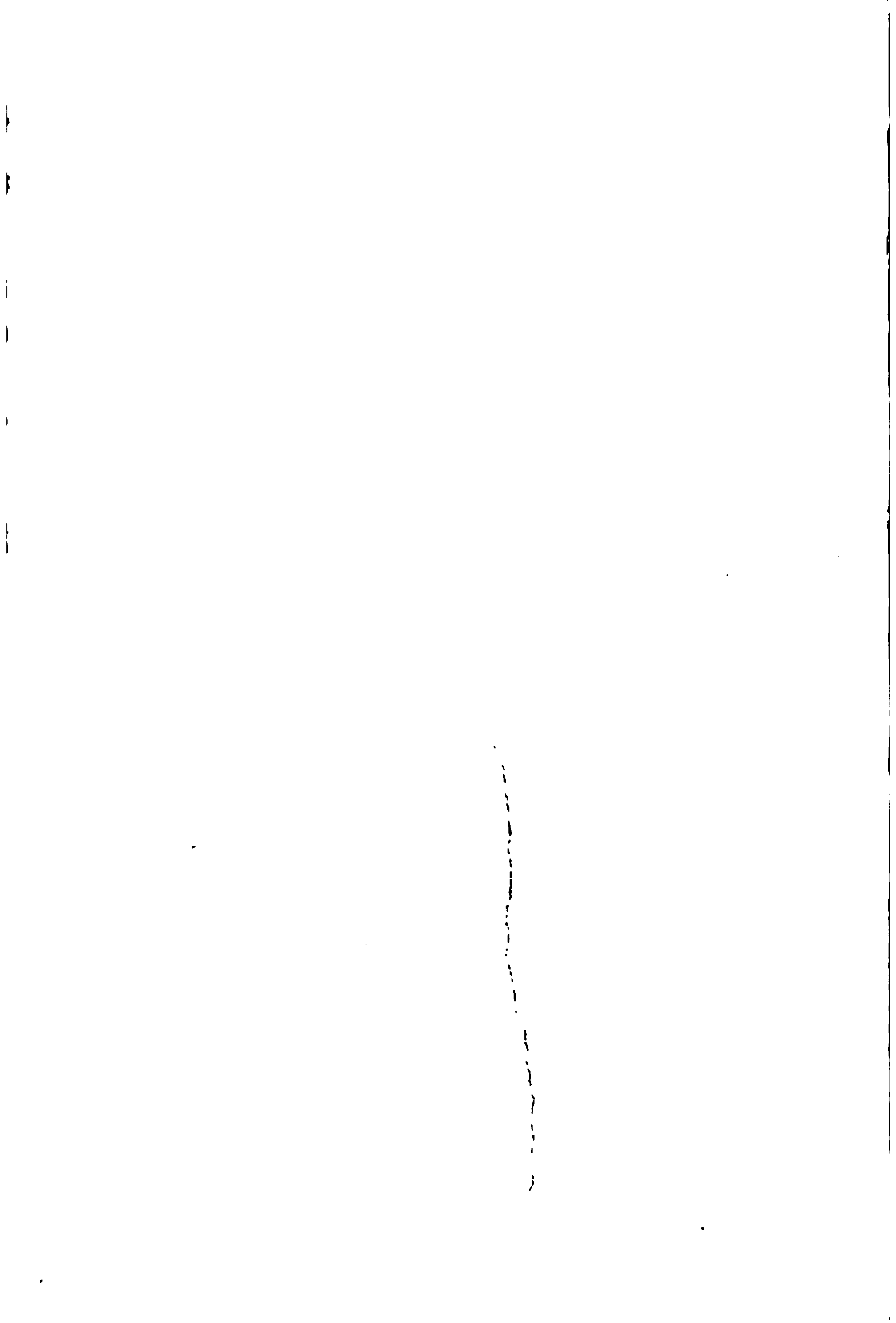


A LEAP INTO THE UNKNOWN

A Speech Delivered at East Linton, Haddingtonshire, 2nd June 1903

THERE has been placed before the country by very distinguished statesmen—particularly by one whose abilities and position and the services he has rendered to the State entitle him to our most respectful and immediate attention—a great issue. That great issue has submerged almost every other. It is difficult, and it will be increasingly difficult, to get the attention of the public to any other topic than the proposals which Mr Chamberlain has launched for the consolidation of the Empire upon a financial basis. Well, that is the topic to which I wish to devote what I have to say to-night; but before I enter upon it, I have to say one or two words about the spirit in which we ought to approach its consideration.

Now, I speak as one who agrees with Mr Chamberlain to this extent—that we must discuss the matter thoroughly and completely out, that it is no use going back to views, however authoritative and however in these days completely accepted, which were expressed fifty years ago. We must examine the matter on its merits. That Mr Chamberlain has claimed, and I think Mr Chamberlain is entitled to claim it. But I am going to speak, not from the point of view of one who is ruled by old and dry traditions, but on a matter of business in the spirit of a man of public business. I am going to endeavour to take these proposals and

examine them in the light of dry, hard facts and figures, because I know no other test by which we can adequately scrutinise them.

Then there is something else. I speak as one who agrees with Mr Chamberlain that the Empire and its future are a most important consideration, and that ours must be the object of keeping together the great possessions which our ancestors won by their tears and by their blood, which they handed down to us as a trust to be passed on undiminished and unstained to those who come after us. That is an object well worthy the attention of statesmen, and I should be the last to decry or in the slightest degree belittle it. Therefore, I shall address myself to the consideration of the new policy upon this footing that, with the end to be attained, with the ultimate object of developing the union between Great Britain and the other possessions of the Crown, I am entirely in accord. The question is not as to the end, but as to the means. When one considers the question of means, there are two or three considerations which become obvious at the very first.

To begin with, is the means that Mr Chamberlain has proposed one the cost of which he has completely counted? Can we see the extent to which his new policy puts in jeopardy results which this country has already reached and which are vital to its future? That we must consider, not in the light of sentiment, but as a matter of business, because, however laudable the object which we seek to attain, if the means are means which might inflict upon us great loss, if we cannot be certain that we shall not suffer very great loss by adopting those means, then that is a reason for looking for some other and less perilous way of attaining the object. Mr Chamber-

lain thinks it is only by tariff proposals that the Empire can be cemented. I do not agree with him. But I wish to put the grounds of disagreement not upon any mere party basis, but upon a dispassionate consideration of the position of Great Britain in the Empire, and particularly of the commercial position of Great Britain. There is yet another consideration. Supposing that the means are means of which we cannot count the cost. Supposing that the means are such as to inflict a very serious diminution, or make possible even a diminution in the resources of this nation, then may we not be taking the very serious step which would defeat the end which we have in view? It is no good to think that we can get more golden eggs by killing the goose that lays them. Therefore, we must take care that we are not going to kill the goose in the step that we are going to take. A third question will be whether there is not a better way of attaining the purpose of carrying out a policy which I, for one, in its ultimate object, agree with Mr Chamberlain is a policy to which we should set our minds.

I want, in the first place, to say something of the mode in which these proposals have been launched. They have come to us very suddenly. They have had some very remarkable results. They are the most portentous development of policy that has been seen since 1886—since Mr Gladstone launched his great scheme of Home Rule. They are causing misgivings in men's minds at least as great as the misgivings which were caused then, and I recognise that Mr Chamberlain goes into them with the same force of conviction, with the same energy of purpose, that actuated Mr Gladstone at that time. Depend upon it, Mr Chamberlain will not drop what he has taken up. The issue before the country for a long time to come

will be nothing less than the tariff proposals which Mr Chamberlain has put before the country. I do not complain at all of the way in which Mr Chamberlain and the Prime Minister—although the latter proceeded more cautiously—have launched their propositions. They have told us that they are going to give us full time to consider them. We accept that invitation, and respond to the spirit in which it is made. We have been told that time would elapse before the country will be asked to pronounce upon them, and that we should have an opportunity of arguing the case and considering the arguments that would be put before the nation. There is only one doubt I have about this estimate, and that is, whether it is possible for them to lock this matter up, so to speak, in a glass case, to be looked at from outside for a prolonged period. A thing like this absorbs public attention, and when the attention of Parliament and the public and the Press is devoted exclusively to a subject, it is very difficult to prevent sudden transformation scenes in the position of parties; and to my mind we have witnessed something like the first act of a transformation play upon the political stage.

There has been a difference between Mr Chamberlain and Mr Balfour in their views on this question. Mr Balfour said that the propositions of Mr Chamberlain were for consideration only; that they were launched as the opinions of an individual Cabinet Minister in the same fashion as he himself launched his views about the Irish Catholic University in 1898, and must not be taken to be the policy of the Government, and could only become the policy of the Government after they were freely considered, if they ever became its policy. Mr Chamberlain took rather a different tone. He said

that he had initiated a discussion which he promised he should raise before the country. Now, Mr Chamberlain is not a man who would take his hand from the plough. I gather that Mr Chamberlain, in his reflection upon the political situation, has seen that this is an issue that he must identify with his future career.

Now the proposition I take it to be this, that we are to establish a protective duty on articles of food which this country imports, and which the Colonies in any degree supply, with remission for the Colonies. I agree with Mr Balfour, that it is protection, so far as food is concerned, for the Empire. It means that they wish to place outside food coming from foreign countries at a disadvantage compared with food brought from the Colonies. It is to be carried out by putting on a tariff, not for the purpose of raising revenue, but for the purpose of giving the Colonies an advantage. It is quite true that it is not like the old protection in this sense, that it is not designed for the benefit of the British farmer. It seems to me that the last person in the world to be benefited is the British farmer, for the Canadians tell us that if they get this protected advantage, they will be able in twenty years to supply the whole of the wheat consumed in this country. There is another observation which strikes me on the first blush about this proposal. We are to give the Colonies Free Trade, but the Colonies are not going to give the mother country Free Trade. Let no one be under any delusion about that. It is not a proposal to establish Free Trade within the Empire and protection for those outside. We are going to establish a protective tariff for the benefit of certain colonies, which have told us quite frankly that they cannot afford to give us Free Trade. I see by the newspapers this day that there

is a difference on the subject between the party leaders in Australia. Sir Edmund Barton is in favour of the scheme, while Mr Reid is opposed to it, and for the most part the newspapers are very emphatic on the side of Mr Reid. The country, therefore, is to give up its present policy of Free Trade, and it does not in exchange get even an adjustment of duties such as would enable us to see how we stand with the export and import trade with these Colonies. The unity of the Empire is the great object; but surely there is a cheaper means of attaining it than by this method, which is so undefined, and so unmeasured, that we do not know where we stand with regard to it.

One might have imagined that before proposals of that kind had been put before us we would have heard what the Chancellor of the Exchequer and the Treasury experts thought of it. There is nothing but silence from that quarter. We know that Mr Ritchie has declared himself in very strong language against the corn duty, which points to his being very much against any such scheme as is now adumbrated. Sir Michael Hicks-Beach has declared himself hostile to any proposal such as is now before the country. The silence of the experts seemed to suggest that there is no expert opinion that Mr Chamberlain can bring forward in support of his scheme; and that, in the opinion of the Chancellor of the Exchequer, it would work out to the financial disadvantage of the country. That may be a wrong inference. I may be premature in that conclusion. I think not. I think it will turn out that you will not find Mr Ritchie speaking with any enthusiasm for this plan, notwithstanding the great objects that lie behind it.*

* Mr Ritchie has since said in the House of Commons (on June 9, 1903):—"In this case, those members of the Government who have spoken have stated clearly that they have spoken only for themselves, and

What is it that we are to get for a proposal of that kind at home? We are to get the unity of the Empire. That is a great thing if you do get it, but if you make the United Kingdom poorer you will not get the unity of the Empire. We have a huge national income. Figures supplied to me by experts show that, while France has a national income of about a thousand million pounds for a population of thirty-eight millions; that while Germany, with its huge population of fifty-five millions, has a national income of thirteen hundred million pounds; the United Kingdom has, for a population of only forty-one and a half millions, against Germany's fifty-five millions, a national income of no less than sixteen hundred and fifty million pounds, against the thirteen hundred million pounds of Germany, with its larger population. Well, that national income is a most valuable possession. It gives us our fleet; it enables us to pay interest on our National Debt; and it enables us to keep up, for the benefit of the Empire at large—for the Colonies as much as for ourselves—the means of national defence. But on what does that colossal income depend? In this country we have no great advantage in cheap minerals or in raw materials; how is it, then, that we have been ahead of the world as a manufacturing nation? I draw the

not for the Government. The Colonial Secretary in his speech has stated in his first speech that he spoke only for himself. Of course, it is impossible for the Government not to express their view of the situation also. So far as the members of the Government who have spoken on this matter are concerned, all they have said is that the question of preferential treatment of the Colonies shall be discussed and inquired into. For my part, I shall be surprised if inquiry can show any practical means of carrying out this policy. I avow myself a convinced Free Trader, and I do not share the views of those who think that any practical means can be devised for overcoming the difficulties which present themselves to me in connection with this matter; and as at present advised I will not be a party to a policy which in my opinion will be detrimental both to the country and the Colonies."

inference that we have been able to keep the supremacy which we have always had because we are in a position to do what other nations cannot do—import raw materials from the markets where we could buy them cheapest and best; import plenty of wholesome food for the labouring classes who supply the labour for the capitalists, who work up the raw material into manufactured goods and sell them to the rest of the world. That is the policy from which we are asked to make a departure. I do not see how we can depart from that policy and yet be able to maintain our colossal income upon which the unity of the Empire rests more than on any other fact. I do not think there is any guarantee in the proposal that we should retain Imperial unity.

The next is the promise which Mr Chamberlain held out to the working classes—in his speech in the House of Commons last Thursday night — the promise of better wages and old age pensions. But how are you going to pay pensions and better wages if the income out of which the pensions and wages are to come, and which they must tax in order to get the pensions, is to be diminished? Unless you are sure that your policy will result in the increase of the national income it is certain that you will not be able to give pensions, and so far from wages being better, they would be worse. You cannot tax food without taxing the raw materials, and then trade would tend to shrink, and the position of the nation would be that we should not have the means out of which to give the wages to the working classes which we have even at the present time. Therefore that second benefit, like the first one—the great aim of the unification of the Empire—is dependent upon whether the policy is an economic success. It is upon

pounds, shillings and pence that the prosperity of the country rests, and if you embark on a policy which threatens or which even holds open the risk of making the United Kingdom poorer, then you will have done more to destroy unity than you could possibly do by taking any other step. The proposals will require to be examined on a financial footing.

The last thing which Mr Chamberlain held out was protection to the Irish farmers, and, as I understand it, Irish industries, but I cannot see clearly how the Irish are to get any benefit unless the result of the scheme is to make everybody richer all round instead of poorer. Therefore I come back to the test as to whether the scheme tends to make the nation richer or poorer. If it tends to make it poorer, or if it puts into jeopardy a great national income, I for one should refuse to embark on a policy which will lead I do not know where, but which certainly, as it seems to me, would jeopardise one great necessity of the unity of the Empire.

There is one other observation which I wish to make before I enter into details, and that is that the proposal appears to have been made very suddenly. One evidence of that I find in the fact that the Government, so far, at least, as very specific rumour could inform us, had decided on the repeal of the corn tax while Mr Chamberlain was still in South Africa, and it can hardly be that the Government would have repealed the corn tax if they had meant to take up a scheme of that kind. I draw the inference that the proposal was thought out by Mr Chamberlain while he was in South Africa, and that when he came home he threw himself into it with his whole energy, and that it is only a few weeks since it has become a practical matter in the minds of his colleagues. If the matter is as sudden as that, you may be sure that it has

not received at the hands of the Board of Trade experts that examination which is the only basis upon which it can be justified. I have a great admiration for Mr Chamberlain's business ability, for his strong personality, and his gift of speech, but I do not much admire his thinking capacity. I do not think Mr Chamberlain has ever framed a great policy. He has shown that he can be very rash, and I am sure that Mr Chamberlain has rushed into this matter without consideration of its seriousness.

Supposing you take the corn tax as an illustration, and assume that the revenue raised by it is permanently appropriated for pensions for the benefit of a limited class, as limited it will be, what would be the result? You would for every benefit that you gave to Canada pay twice over. You are putting on a duty which excludes foreign corn to the extent of a shilling, and you remit that shilling in favour of Canada. Canada, let us say, is sending a great deal of corn into this country with the price raised by a shilling, and the Canadian producer who exports the corn to this country puts the shilling in his pocket because he has got a preference. We lose the shilling which he puts in his pocket, and which otherwise would have gone to us for revenue. We have to make up the revenue from some other source. But we lose something else. The price of corn has gone up all round by a shilling, and the result is that we, the consumers, have to pay a shilling more for it than we would have without the duty. We have, therefore, to lose two shillings in order to allow the Canadian to put a shilling in his pocket. I suppose it is some consideration like that that led the Government to see the absurdity of the corn tax, and led to its abolition. If that be true in the case of corn, it would be true all round in the case

of preferential duties. If we give preferences of that kind, the consumers here who will be taxed twice, once to raise a new and specially appropriated revenue, and once to make up the hole caused in it when each preference is granted, will lose twice what the preferred country gained in getting a preference. And so our Colonies, if that scheme is carried out, will be costing us, not the duty, but double the amount of the duty in the bulk of our transactions with them.

I agree with Mr Balfour and Mr Chamberlain that we are not to resort to old shibboleths in arguing matters like this. But there are one or two doctrines which have been laid down from which there is an inclination to depart, and which are not old shibboleths at all, but old truths about the way in which people conduct their business. One of these is this—that we pay for the goods we import in goods we export. There are some people who think that this country must be getting ruined because we import so much more than we export. Our exports are enormously less than our imports. But the fear which some people entertain is the result of an old fallacy. In an interesting commercial article in *The Scotsman* the other day, it was shown that notwithstanding all the croakings in favour of Fair Trade and the moanings over our Free Trade system, notwithstanding foreign competition and the progress that Germany and the United States were making, we in this country are becoming richer and richer under our Free Trade system. In that article, written in the true spirit of Adam Smith, it was shown that the combined exports and imports in 1902 reached the record sum of £877,630,000. Further, it showed that between 1898 and 1903 there has been an immense advance, especially in exports, which in that time have increased 19 per cent., while imports have increased 12

per cent. Our home-produced exports, the writer calculates, have increased 21½ per cent., which shows that we are getting richer and richer, and how little truth there is in the cry that under Free Trade we are losing our position. In riches we are increasing twice as rapidly as our population is increasing; and while it is no doubt true that Germany and the United States are coming up and progressing more rapidly than this country is progressing, they are a long way behind us, and are only increasing up to a point which this country has long passed.

In his speech at Manchester, in November 1897, Lord Rosebery pointed out that other nations acquiesced in our extension of Empire because they knew it was on Free Trade principles that it was conducted, whereas an Empire surrounded by a vast Customs rampart would be a distinct defiance to the world. He then went on in words which I will quote to you:—

> I ask you what the feeling of mistrust and suspicion would have been had we established instead an Imperial Customs Union. Remember, gentlemen, that in these later days every savage, every swamp, every desert is the object of eager annexation or competition; and what in that state of circumstances would have been the feeling created by the development of a new empire—for under these commercial conditions it would be new—not like the Russian Empire, local, though vast, but a world-wide empire, surrounded by a vast Customs rampart, a challenger to every nation, a distinct defiance to the world! On the other hand, what is the present state of circumstances? Our Empire is peace, it makes peace, it aims at peace. Its extension under Free Trade is for the benefit of all nations. Its motto is the old one of the volunteers—"Defence, not Defiance." A scattered Empire like ours, founded upon commerce and cemented by commerce, an Empire well defended, so as not to invite wanton aggression, can mean and make for nothing but peace. We have on our side in the long run all that makes for peace and free commerce in the world. That is a fact that all nations know in their hearts. It is a fact that no wise statesman can hope to disregard. But

an Empire spread all over the world, with a uniform barrier of a Customs Union presented everywhere, would be, in comparison—I will not say an Empire of war, but a perpetual menace, or at least a perpetual irritation.

I adopt these eloquent words. I remind you that this Free Trade system was held by Peel and Gladstone, who were not theorists, but great men of business.

It is impossible to keep the change proposed on the restricted basis which Mr Chamberlain wishes to keep it at. It is true that Canada sends us wheat, New Zealand mutton, and the West Indies sugar, but the other Colonies will be very discontented if they receive no preference, because they do not send any of these things. Australia sends us wool and hides; India, jute and cotton; the Straits Settlements, gutta percha; the Cape sends copper; and Canada, in addition to wheat, steel and timber. Now, suppose we put a duty on raw material, and I think we should be forced to do so, for unless we did there would be far more dissatisfaction among the Colonies at their unequal treatment—suppose the tax on raw materials was on, for instance, cotton. Lancashire lives on cotton. The population of Lancashire is bigger than that of Australia. It has 4½ millions of a population against Australia's 3,700,000. In 1901 Lancashire imported over 16 million cwts. of raw cotton from foreign countries. She only imports 351,000 cwts. from India and the Colonies. The value of her total raw cotton is £40,000,000, but out of that she made goods to the value of probably not less than £170,000,000, of which £70,000,000 were exported. What an amount of machinery, labour, and wages all that represents. Now we know that the competition in the cotton trade is very fierce, and that it is only by a very small margin that Lancashire holds her own in

the manufacture of cotton goods. If we once let in the principle of a Zollverein, and have duties on the raw products which are employed as Lancashire employ cotton or Bradford wool, we may just destroy the margin of profit by which these two most important trades live and flourish.

Now, for whom are we going to do this? The population of the British Empire, excluding foreigners and persons of colour, is about 48,700,000. In the United Kingdom we have 40½ millions and in the British possessions about 8 millions. These are white people, and besides these there are three millions of foreigners. The remainder of the population of the Empire consists of about 342 millions of coloured people, of whom 294 millions are the natives of India. Now, of that huge population Canada has only 5,300,000, Australia 3,700,000, while Greater London has 6,500,000, and Lancashire 4½ millions. Therefore, it is a comparatively small fraction at present of the population of the British Empire for whose benefit you are asked to take this leap in the dark.

Now, turn to your food imports. The United Kingdom receives over 75 per cent. of the food it imports from outside the British Empire. It amounts to about £25 worth of food per family in the United Kingdom. Now, if we are going to put on a tax of 5 or 10 per cent., I believe 20 per cent. would be needed to provide pensions and the other benefits of which Mr Chamberlain spoke—that means that £20,000,000 annually would be levied on the food of the people. Taking as a basis the calculations made by Mr Rowntree in his book, *The Poverty of City and Town Life*, that gentleman found that in York 21s. 8d. per week was the minimum on which a family of five could maintain physical efficiency. This esti-

mate is concurred in for London by Mr Charles Booth. Of those urban populations 25 to 30 per cent. live on less than this minimum, and the towns contain 77 per cent. of the population of the United Kingdom according to the 1901 census. Now, a tax of 1s. a week, say, on the food of these people, in whose expenditure food bulks more largely than any other article, would open up a prospect of a serious kind. These people are already living at the margin of subsistence; they would not participate in any pension scheme because they would contribute nothing to it, so that they would be taxed, and to their physical deterioration, without any return. From a food point of view, therefore, the scheme is economically a very bad one.

What are the raw materials which we import? We import a total of £159,810,000, and of that we import £110,688,000 from abroad, and £49,124,000 from the British possessions. Out of 39 articles which are necessary as raw materials for importation for our industries, the largest supply comes from the British Empire only in seven cases. Notwithstanding that we have not got any great natural advantages, we are still, with the exception of the United States with its eighty millions of population, the greatest manufacturing country in the world. Our total oversea trade, taking exports and imports together, is upwards of £800,000,000, of which £600,000,000 is done with foreign countries, and £200,000,000 with British possessions. Our imports are £416,000,000 from foreign countries, and £105,000,000 from the British possessions. We re-export £68,000,000. Now, that re-exported trade is a most delicate one, and its incidence shows in many cases how narrow a margin there is on which a profit can be made. This can be illustrated by reference to the Corn Duty recently imposed, as to

which a large merchant has informed me that it almost totally destroyed his re-export trade. Therefore, whether we take it as a food or as raw material, the scheme puts in peril business which depends upon the most delicate considerations. The bulk of the Empire has Free Trade already. India is a Free Trade country, and our trade with India is entirely free. We do as large a business with India as with Canada and Australia put together, and with Egypt, which is not a British possession, but is under British control, we do as much as with New Zealand. With Canada, Australia and South Africa put together we do £112,000,000 worth of trade. With India and other British possessions we do £210,000,000, and that £210,000,000 is done on an absolutely Free Trade footing. If we take the distribution of the total British trade for 1901, we find that, taking the imports as represented by the total of 100, 80 per cent. is done with foreign countries; 6 per cent. with India and Ceylon; 4½ with Australia; 4 with Canada and Newfoundland; 2 with New Zealand; 1 with the Cape and Natal, and 2½ with other British possessions. If we turn to the exports, which are still increasing in their total, taking again the standard at 100, we have 62½ per cent. with foreign countries; 13 with India and Ceylon; 7½ with Australia; 6½ with the Cape and Natal; 3 with Canada and Newfoundland; 2 with New Zealand, and 5½ with other British possessions. The conclusion I draw from all these considerations is that we cannot defend the proposal on economic grounds. It is a leap into the unknown. It may even mean the ruin of a trade which, although we hold it under Free Trade system without any signs of diminution, is still held by narrow margins. It is no answer that other countries are improving their position more rapidly than ours when we see that we are still main-

taining an absolute lead by such enormous figures as we do. Then there is another most serious consideration. As a result of Free Trade we have the "most favoured nation" treatment at the hands of foreign nations. That is an immense advantage for competition in neutral markets, and that, I think, would inevitably be sacrificed. There is no reason why a man should trade with his own family only. It is better that we should trade with the world as well, if thereby we can become richer, and benefit the family also.

My first proposition is this, that of the 53 millions of white people in the Empire the 41 millions in this country should have at least as much consideration as the 12 millions in the Colonies. The first necessity of the Empire is that Great Britain should remain as rich and powerful as possible, and by attending to that we can best help the Empire. We spend at present between 60 and 70 millions on Imperial defence. Nearly the whole of that is paid by this country. It is fitting that we should maintain a Navy, however costly it is, which can keep clear the great highways of the ocean for our trade. A great Navy is part of a Free Trade policy. I do not grudge a penny that is spent on the Navy, because it is a percentage of the cost which we have to pay for keeping the great accesses to our ports free, and we can only keep up our Navy if our national income remains at the great figure at which it is at present.

My second proposition is that without any special advantage we are still increasing in riches and are still far ahead of other peoples—that is, under a Free Trade system. Who can tell what the result of the change in that system would be? Are we to run the risk? Many people seem to hold to the old fallacy

of the mercantile system that goods are paid for otherwise than in goods. Let us nail that bad coin to the counter. Goods are paid for in goods, and we must not risk our £800,000,000 of British trade.

My third proposition is that it is clear that, from an economic point of view, the theory of a Zollverein is bad, and that it is by no means clear, from a political point of view, that it is good. If the British Empire were a closed State, and the whole of the parts of it lay together, like the United States and Germany, there might be some great strategical reason why we should make large pecuniary sacrifices in order to produce everything within their own limits, but the configuration of the British Empire is totally different. The Colonies are independent of us in fiscal policy. They hold that it does not suit them to give us Free Trade. Even if they were willing, they cannot ensure that that policy will continue. It seems to me, therefore, as though the means of the fusion of the Empire must be sought in common purposes which are other than commercial; because commercially we can have no assurance that there is any common purpose which would fit every portion of the Empire.

In the fourth place, ought we to take the responsibility of giving up our most favoured nation treatment at the hands of foreign nations? Can we secure our possessions without it? If my doubts are well founded they go to the root of everything, because the system would not give pensions or better wages or anything else. It is a return to Protection pure and simple.

If it is said that Germany has maltreated Canada, as has been suggested, the answer is that Canada is fiscally an independent nation, and has been acting as such, and that Germany is only claiming what she is perfectly

entitled to claim—to treat Canada as fiscally independent, and to refuse to her the favoured nation treatment which she gives to the mother country. Canada is preferring the mother country in her tariff arrangements with Germany, and as for any fiscal unity between her and the mother country, Germany is entitled to proceed on the basis that there is none. The only way in which we can have fiscal unity between the mother country and the other possessions of the Crown is if we were to do what India has long ago done, to establish our entire trade on a Free Trade basis. That conflict between Canada and Germany arises out of a conference which took place in Canada in 1887. But it is anything but clear that the preference which Canada gave this country in 1887, and still more in 1898 and 1901, has been of any substantial good to us. Her imports even of manufactured goods have grown more largely from countries like Belgium and France than they have from the United Kingdom, and the United States is sending an increasing proportion of the total imports of Canada, while this country is sending what is relatively a diminishing proportion.

But I agree that it is not enough to take up a negative attitude towards Mr Chamberlain's proposals. We who believe in the Empire, we who wish to see it more closely united, must show a path of development clearer from pitfalls and obstacles than his appears to be. The policy of Liberal Imperialism may be defined to be to take no step which goes beyond the common purpose of the Empire—and I have shown that in the Zollverein proposals there is no real common purpose—but to give effect to common purposes wherever they are ascertained, and to adapt the machinery of the Government to that end. I believe that if we can hold on our

connection with the Colonies and dependencies of the Crown for another fifty years, the problem will be solved. It is a question of the evolution of the means to give effect to the common purposes, an evolution which through conference, through more complete concentration on common ends, should quite naturally and not artificially proceed.

Now there are five heads under which common purposes are already developed, and may develop still more largely in the future. There is first Imperial defence. At present we pay for the Fleet and for military organisation which is largely occasioned by the possessions of the Crown in distant parts. We have added 125 millions to the National Debt in the interests of South Africa as part of the Empire. This we bear unaided at the present time. As the Colonies become larger in the course of years, it will be natural that they should assume an increasing share of burdens of this kind, and as they do they will be entitled to more participation in the control of Imperial policy. That brings me to my second head, that things are slowly shaping themselves for the further evolution of the means of giving advice to the Crown. At present the Cabinet is controlled by the House of Commons; the House of Commons is controlled by the English, Scottish and Irish constituencies. But there are Imperial matters, in which we all recognise that there must be continuity. The Imperial Parliament and the constituencies are trustees for the Empire at large. But the time will come when the Colonies must outgrow the period of trusteeship, and when that time comes, and it appears to be approaching, a Cabinet, which depends on the will of the constituencies, can no longer be an adequate means of advising the Crown in matters of purely Imperial policy. It may be possible

to do what was done in this country 200 years ago, to summon as a cabinet of advice on Imperial matters an Imperial committee drawn from the King's Privy Council and representative of the interests of the distant parts of the Empire. As the giving of the control of policy will always be largely matter of finance, if the Colonies take more of the burden, it may be possible without dislocating the existing machinery of Parliament, without setting up any cast-iron scheme of Imperial Federation, to adapt the Executive which advises the Crown so as to give effect to the fulfilment of Imperial ends. The third great subject which has been very unfortunate in its treatment, and which is at present in a serious position, is the question of the establishment of an Imperial Court of Appeal. It is to be hoped that in the administration of the supreme form of justice by the best intelligences of the Empire, yet another real link may be made to hold the Colonies and the home country together. In the fourth place, education promises to form yet another link. Next month a conference will take place in London between the heads of the various Universities of the Empire at which there will be discussion of schemes for the interchange of post-graduate students and the distribution of special subjects of instruction among those Universities. We may thereby redeem the reproach that the best students of the Empire go to Germany and the United States to get their post-graduate instruction. In the fifth place, a policy of grants-in-aid in the shape of expenditure on improving the great ocean highways and postal and telegraph systems and the other means of communication between the various parts of the country is possible. That policy is at least one the extent of which we could keep within bounds, the end of which we could see, and

it offers an alternative which compares favourably with the rush into new fiscal relations.

I recognise that under one or two of the heads which I have indicated, Mr Chamberlain has done valuable work by conferences which he has instituted with good results, but I regret that Mr Chamberlain should have been led away by an alternative policy which seems to me to promise nothing but disaster. Let us not be rushed into that matter. Let us not move before we have given all the details the fullest consideration. It is nearly four years since I made a speech from this platform, in which I asked you to take a course with regard to the war which was not dictated by regard to party considerations. It is for no party considerations that I ask you to-day to take a course equally definite and equally decided.

MR BALFOUR AND FREE TRADE

A Speech Delivered at Prestonpans, 5th October 1902

MR CHAIRMAN, ladies and gentlemen, I am not going to linger to-night over the usual preliminary topics. I have so much to say, so many points to deal with, that I shall need the whole of my time. The real inquest into the Government policy, the true inquiry, is now beginning in its proper place, the constituencies.

I am here to weigh the doings of His Majesty's Ministers. Now there are a variety of topics on which I cannot address you. I should like to say something on a topic on which I feel keenly, the situation in the Balkan Peninsula. I should like to say something upon foreign policy—on such questions as the Venezuela difficulty and the Bagdad Railway, matters into which we shall have to inquire searchingly. I should like to have spoken to you about the report of Lord Elgin's Commission on the war. These things will come later, but there is another topic also, much more germane to that with which I am concerned to-night, and on which for a different reason I shall abstain from saying anything direct.

A very remarkable man is going to make a speech to-morrow in Glasgow, and I do not doubt that it will be a speech worthy of his great ability. But I cannot criticise Mr Chamberlain's views on the food question at this moment, because I gather from his recent utterances that his views are somewhat kaleidoscopic. I do not, nor does anybody else, so far as I am aware, know

where we stand on that question with Mr Chamberlain. We shall be wiser by Wednesday morning, and until Wednesday morning I shall defer my meditations upon his utterances.

There are other things of which I can speak. The first is the great policy of Protection or Retaliation, or whatever else it may be—because I shall show you presently that we do not know what it is—which was discussed by Mr Balfour at Sheffield. It has been propounded in the interests of Imperial Unity. Upon the issue which it raises I have a strong personal feeling. I cannot contemplate a lapse into the controversy which this new and sudden departure is opening out without a good deal of misgiving—ay, and I will add something more—a good deal of resentment. I have never been one of those who have made Empire a party question. I have always hated dragging out foreign and colonial relations into the arena of party controversies. It leads to misunderstanding, and it never leads to good. Now when I see people coming forward in the name of statesmanship and asking us to choose—to be put to our election between the Free Trade system, which to many of us is a cherished principle, and the desire for further union with the Colonies —I feel that those who are doing that are rendering but an ill public service.

The cause of Imperial unity is growing in popularity in this country. We all feel our sense of gratitude for the help that our colonial kinsmen rendered us in our time of need. But why should it be necessary to raise this choice between what the people here regard as a matter of the deepest importance to their own national welfare—a principle which is well-established among them—and on the other hand a plan of uniting the Colonies more closely to the mother-country? All I

can say is, if it be necessary—and I believe it is not necessary to raise that issue—if that be necessary, it is a necessity which carries with it the making of cruel difficulties for those who have the cause of Imperial unity much at heart.

Well, I have no desire to stand still as regards these matters. Some of you know that I have been keen to develop a policy, a constitutional policy, not connected with fiscal matters, not involving sacrifices on the part of our democracy, which would bring the Colonies and the mother-country more closely together. Some of you know that I have been keen in advocating what I have spoken to you of in this hall, better care by the Government of our trade methods, greater development in our education, greater development in the application of science to our industries, in the improvement of our Consular service—in all those methods by which the German Government, by which the United States Government have done so much to develop and strengthen the opportunities of their merchants in foreign markets.

Why have His Majesty's Ministers, with their unrivalled opportunities, with abundance of money, when dealing with the great problem of the national education, neglected wholly and entirely the opportunity of doing such things as have been done by other nations? That is a matter into which we of the Liberal party, who are not standstill, and are prepared to advance with the times, will make close and searching inquiry of our own. We cannot rest content with the standstill policy of a Conservative Government.

Now, there is another thing which inspires me with distrust of this new departure. A matter so grave, a change so far-reaching, would not, one would have thought, have been taken up at a few

weeks' notice. And yet the Government proposes to reverse—because Mr Balfour's speech shows that it is not anything short of a reversal—the Government proposes to reverse the fiscal policy of Sir Robert Peel, of Mr Gladstone, of practically every Chancellor of the Exchequer since, of Lord Randolph Churchill—because, although he flirted with this kind of thing in his earlier days, when he became Chancellor of the Exchequer and learned what the nation's business really was, he soon threw over his flirtations—of Lord Goschen, of Sir William Harcourt, of Sir Michael Hicks-Beach and of Mr Ritchie; the policy of the whole succession of the Chancellors of the Exchequer.

Well, it may be right. There is no such thing as inspired writ in these matters, but I do think we might have expected that a reversal so far-reaching in policy would have been founded on some more searching inquiry than any we have witnessed. One would have expected that it should not have emerged from something that had nothing to do with Fiscal policy, the desire to bring the Colonies closer to the mother-country.

But the fact is we have seen in the minds of His Majesty's Ministers change after change of opinion on these points till we have come to realise that at this moment not one of them, from Mr Balfour to Mr Chamberlain, exactly knows what it is that his policy implies, or what it is he is seeking to carry out. We have seen, too, a divided Cabinet, a Cabinet from which three Free Trade Ministers have resigned, and in which one remains under circumstances which we hope he will clear up to us before long, the Duke of Devonshire, who has expressed himself as strongly as any man in the House of Lords on this question, and has still to enlighten the public as to his position with regard to his colleagues.

Surely, ladies and gentlemen, that is not the situation which we should anticipate from a serious body of statesmen inaugurating a new policy, nay, a reversal of the traditional policy of the country.

Now, you will say "That is all very well, but we have got to advance with the times." I agree that we have got to advance with the times, but I will tell you why it is that I regard this particular new departure as full of peril to the well-being of our nation.

Ladies and gentlemen, we live on small islands of 120,000 square miles; we govern an enormous Empire; we govern hundreds of millions of people; we rule all over the world. We hold our own, and in virtue of what? Because Great Britain is the centre of the industrial and commercial world, because we are rich and can maintain a great fleet, because we are the money market, and the best market in other respects, for the whole world. Because, in other words, we are the nation that is worthy to be the centre of that great commercial Empire.

But why is it that we are so? We have got no particular natural advantages. Our coal is getting more difficult to obtain. Other countries, the United States for example, far surpass us in mineral resources, and Germany is in such resources our rival. Our population is only 42 millions, compared with the 56 millions of Germany and the 80 millions of the United States, and yet we hold our own, and yet we have the first place. Why have we the first place?

Well, there is one thing that goes far to account for the fact that we have kept, and, as I shall show you, are keeping, the first place. That is that our ports are open, our merchants and manufacturers are free to lay out their capital according to their

judgment and discretion to the greatest advantage, and with the least possible restriction; that they can buy their raw materials where those raw materials are most cheaply and best obtained; that they can get good and wholesome food at lower prices than elsewhere for the working people they employ. It is these things, the advantages we have in our Free Trade position, that constitute our distinction from any other nation in the world.

Now, I am not dogmatising. I am not prejudging the question whether the whole of our commercial position is due to our Free Trade position, but I do ask you, I do entreat any of you who are hesitating upon this question, to consider and ponder well this: whether those who advocate a complete change of that policy ought not carefully to consider whether there is a certainty that this nation will be able to keep its great position if that condition of things be altered, and if they no longer possess these advantages.

Remember, your Empire depends on your being right or wrong in your judgment on this matter. If this nation becomes poor, if this nation ceases to hold the advantageous position which it does at the present time, there will be no fleet, there will be no preponderating position, the bonds of the Empire will be weakened, as nothing else can weaken them. Therefore, I would have those who propose to alter this policy, under which, in point of fact, whether it is due exclusively to that policy or not, we have become so rich and so prosperous, answer this direct question—How have you satisfied yourselves that the condition of things which has obtained in the past will obtain in the future if you reverse the state of things I have described?

Other nations have larger and more rapidly increas-

ing populations than we have. We cannot compete with Germany and the United States, either in the number of square miles they possess at home, or in the number of people who live upon them. What certainty, what guarantee have we that we shall not lapse back to their position, a position which, so far as the present is a guide to the future, is far inferior to our own? Well, that is the question I want to see answered, because in this matter I am afraid there is a great want of thinking.

I wish I had more confidence than I have in His Majesty's Ministers, and I will tell you why I wish I had more confidence. They are in power. They have an immense capacity to do mischief in this matter. They intend to remain in; they intend to give effect as far as they can to this new policy. Now they are a body of men who have been characterised by want of thinking. Where was the thinking on the part of the men who thought the Boer War could be ended in a month or two at a cost of 10 millions of money? Yet these are the men, the men convicted upon the report of their own Commission—a Cabinet arraigned by the Commission which itself appointed—these are the men who come and ask us to give them a blank cheque for their policy, a mistake over which may lead to consequences the limits of which we cannot see.

Now there is another sort of people who say, "Oh, but this is a commercial question; why not take the opinion of merchants and manufacturers?" I do not deny for a moment there are many manufacturers in this country who feel the pressure of hostile tariffs. There is much business which we used to do in which we are hampered by the Dingley tariff of the United States, and the tariffs which Germany, France and other countries have set up against

us. That is quite true. But just because goods are paid for in goods, just because of the principle which regulates these things, and to which I shall come back in a moment, for one person who is injured, as I shall show you, there are two or three others who spring up and create new industries which produce the goods that go out and pay for the goods brought in from abroad. And, therefore, it is no use appealing to one, or ten, or a thousand manufacturers.

You will always find a number of people who are injured under a system of this kind, but the question is not how many they are numerically, but how many they are proportionately. You must look in these things for the greatest good of the greatest number. And if you come to the conclusion that our manufacturers and merchants as a body, as a whole, are benefited by a Free Trade policy, I ask you to reject the pretensions of the few people who make their voices heard—and they are comparatively few, after all—and claim to dominate the national decision.

What would be said to-day to anybody who turned a listening ear to a body of landlords, who asked that because they were landlords and experts in their own affairs they should therefore be allowed to make the land laws. What, then, is to be said of a body of traders who come and say because they are experts in their own business they should be allowed to make the trade laws? They both stand on the same footing. You must supervise their proposals in the interests of the whole community, and you must not permit any proposal to pass into law unless it meets the test of the greatest good of the greatest number. Therefore I dismiss that cry.

But I do not merely dismiss it on principle; I dismiss it on its merits. They tell us that the

trade of this country is standing still. They tell us that we are being shut out from other markets. That is an assertion that I shall have to examine, I am afraid, in a little detail. But, in the first place, I want to point out to you it is, on the face of it, absolutely untrue. We now have the figures before us as we had not got them before. Thanks to the inquiry which His Majesty's Ministers have ordained, a Blue Book has been produced which to my mind blows the case of His Majesty's Ministers out of the water. I have been for weeks past scrutinising closely the figures and tables and memoranda in this most valuable Blue Book which I have here to-night, and of which I intend, before I have done, to see a copy placed in every public library in this constituency that you yourselves may study it. If I read these figures aright—and I have not spared myself in the endeavour—the case of His Majesty's Ministers is based upon the most absolute fallacy.

Now, I only want to make one reference at this moment. We are told that the trade of Germany has in recent years been very much outstripping us, but yet I find we are holding our own. Undoubtedly Germany, by her marvellous application of science to industry, by her methods, by her organisation, by her splendid consular service, did get a hold against our less active British merchants, less accommodating to the taste of their customers in certain markets. But our people are waking up.

I have got here a table which I have compiled with the aid of experts from the Government Blue Book, and also from the official figures which are contained in the official German statistics. According to these the trade of Germany with Russia has decreased from what it was on an average between 1897 and 1899 to an amount 13 per cent. less, which represents the average between

1900 and 1902. I find that our trade has not gone back. One of the reasons of the decrease is that Russia is producing much more for herself, and it is more difficult to get a monopoly of the market. But our people are holding their own.

Even in the United States, where it has been asserted that the Dingley Tariff has absolutely ruined British trade, I find that the German trade has gone up 34 per cent. between 1898 and 1902, and the British trade has gone up no less than 60 per cent., or nearly twice as much. I find that, taking the whole protected countries altogether, British trade has gone up 18 per cent., as against the German 10 per cent.

Now these are just certain preliminary figures which I mention that I may show you how recklessly these assertions are cast about by people who look only at their own little businesses, and will not look at these things as a whole. I take again another point, and here I come to a most colossal fallacy, a fallacy which I must deal with, because it goes to the root of much in Mr Balfour's speech. It is asserted that our exports are standing still; that we are not increasing these exports. Ladies and gentlemen, in one sense that is true. Other nations are manufacturing for themselves—Germany, Russia, France, the United States, produce for themselves instead of always coming to us. We used to have a monopoly. We had no right to expect that monopoly to continue for ever; but we still have a very large entrance into their markets, and so far from our exports diminishing—exports which are not merely to these countries but to the whole world—they are increasing, so far as the volume of business is concerned, in the most remarkable fashion. I will tell you what the argument the other way is.

People say in 1873—which, by the way, was a booming year, just after the Franco-Prussian war, and it is unfair to take it, but I will take it—the exports were 255 millions. Now, in 1902, nearly thirty years after, with a rise in population, British exports are only 278 millions, excluding ships and their machinery (not counted till the last three years), and therefore you have a lamentable evidence that there must not have been a proper proportion of workmen being employed, or manufacturers at work, or amount of trade done! But this only illustrates the colossal ignorance on the part of the so-called educated classes who dogmatise on the subject of Free Trade.

I will be bound to say that not half a dozen out of a hundred of those gentlemen had ever heard before this controversy opened up of what is called an index number. I will tell you what an index number is. An index number is a sort of statistical weighing machine, and its way of operation is this, that if you want to test the amount of business done in comparative years you are enabled by means of it to compare the commodities not merely by their prices but by their quantities. And this is the true way.

What would be said, for instance, of a baker who complained that the volume of his business had diminished because prices which affected his competitors just as they affected himself had dropped so that in money the amount did not look more, although he was baking twice the number of loaves that he used to do? You must compare the volume of business, the actual amount of material turned out and exported, because the fall of prices is something that affects your rivals just as much as it affects you.

Now, the index number is a way of measuring the quantities of goods exported by reducing the price to

a common denominator as it were. I won't trouble you with the technical details of how it is constructed, but we have the advantages of this method before us now.

We have actually got a Government Blue Book on the subject, not merely the big one, but a special one on prices, which shows most conclusively what I am going to give you. It shows that while nominally, and in mere money, the exports in 1873 were 255 millions, in 1883 239 millions, in 1893 218 millions, in 1902 278 millions, the real state of things was totally different. Measuring the volume of the goods sent out, converting the figures into quantities, the rate of increase, if taken at the same price, would have presented a very different appearance. We start, of course, with 255 millions in 1873; the quantity on the same basis of price rises to 295 millions in 1883; it goes to 329 millions in 1893, and it ends with no less astounding a total than 418 millions of exports in the last year, 1902. Ladies and gentlemen, these are not my figures; these are the Blue Book, the result of the Government inquiry.

Now, let me take you just a step or two further in this matter. Mr Balfour made a great speech the other day at Sheffield, and he has amplified his argument in a pamphlet which he has published. According to that speech and that pamphlet our position is this: We are in an island, he says, surrounded by a ring of tariff walls, and whereas we could formerly manufacture and export our commodities with great advantage we are now hemmed in, and we cannot do what we should be able to do. He argues from that that Free Trade is out of date. His phrase is that we have to answer the question whether a fiscal system, suited to a Free Trade nation in a world

of Free-traders, remains suited in every detail—observe it is rather an ambiguous phrase—to a Free Trade nation in a world of Protectionists.

Ladies and gentlemen, I have the greatest admiration for Mr Balfour, but he is a person who delights in paradoxes, and in the shape of a paradox he seems to have put forth a monstrous misrepresentation of the position of this country. I could agree with him if there was a wall of tariffs round this country; but where is the wall of tariffs?

Let me put it to you simply. Germany has raised a tariff system which is as a wall protecting her home market. France has raised a tariff system protecting her home market. The United States has raised a tariff system protecting the United States home market. But these walls are raised, not merely against us, but equally against the other countries also. Germany shuts out the goods of France and the United States as much as it does our goods. France shuts Germany and the United States equally out with us.

But now what is the condition of the trade of these nations? All these nations desire to become great manufacturing nations, and to have a great export trade. Their chief ambition is to develop their export trade. Now I do not go to the much-abused and musty professors for my argument. I go to the plain fact—again shown in the Government Blue Book and evidenced by common sense—that if you want to export you must take the price of your goods back in imports.

In the first place there is very little bullion in the world to answer the whole trade. In the second place, look at the illustration of our own country. Our imports enormously exceed our exports, as you know—I shall come back to that in a moment—

and yet although, according to Mr Seddon, the Prime Minister of New Zealand, we must have been paying out hundreds of millions of sovereigns for years past, so that we ought, if he is right, to be in a condition of national bankruptcy, we have been actually gathering in more gold and silver. On balance we have imported enormous quantities of bullion during the very period in which our imports have exceeded our exports.

What does that mean? It means that everything that we have exported has been paid for, and something more has been paid for, by imports, which have come in to take their place. Every ounce that you export must be paid for by something that you import, and the reason of that is that there is no money and no motive to do any transactions except those of barter when you come to these huge transactions. Consequently when any merchant goes to the cost of freighting a ship to take his exports out to a foreign country, he must look about to find something to bring in, in order that he may make the return profit on the return journey. If that opportunity is not allowed him he won't trade, and the export trade of the country falls off. Therefore, every country is bound to a certain extent to encourage its import trade on exactly the same footing as its export trade, and not only so, but it is plain that no wall of tariffs can preclude that process from taking place, unless exports cease at the same time.

Well, now, since goods are paid for in goods, what is the position of these other nations? I take Germany as an illustration. Germany exports goods. They are paid for by imports. Our imports exceed our exports. So does this most valuable Blue Book show that the imports of Germany exceed the exports of Germany. So do the imports of France exceed the exports.

Why is it that we have this enormous excess of imports over exports? I am bringing out the point on which the fallacy of argument hangs. Because we in this country not only send out goods and move in goods to pay for them, but we do something more. We are the great carriers of goods; we own half, and more than half, of the over-sea shipping of the world. We are the great insurers of the world. The bulk of the insurance business is done in this country.

The Board of Trade statistics show the cost of goods going out valued simply at their value at the port from which they are exported. Nothing is added on to the price for freight and insurance; that is not paid till you get to the customer, it may be on the other side of the Atlantic. But the goods that come into these ports of ours are valued at what the British customer has to pay for them. That is to say, he has to pay freight and insurance, and these he pays, not to the American who sent over the goods, or the German, or whoever the merchant may be, but he pays it to the British ship-owner, and the British insurance company.

This most worthy and valuable Blue Book, a very Daniel come to judgment upon its authors, proves that not less than 90 millions—at least 90 millions—must be added to the exports or deducted from the imports in order to equalise the relation between them. In other words, of the excess of imports over exports 90 millions is accounted for by freight and insurance, which, of course, are paid, as everything else is paid for, in goods.

Now, the excess of imports over exports in this country is some 160 millions. I have accounted for 90 millions, but then this excellent Blue Book shows something equally startling. There is a memorandum on this very point. They point out that the Income-tax

returns show that our investments in foreign railways, in foreign Government securities, in every kind of thing in which we invest our money abroad in order to get a good return for it, in all these things our foreign investments are so enormously increasing that they have more than doubled in the last twenty years, and at the present time a sum of certainly not less than 60 millions, and probably 100 millions sterling—because you cannot get at all the figures through the Income-tax returns—is attributable to this account. In other words, you have a sum approaching 100 millions which has to be paid in imports because it represents interest which is coming over here, and which, as I have shown you, cannot be paid in bullion, and is always paid in goods.

There you have got the 90 millions, plus a sum of somewhere between 60 millions and 100 millions sterling to set against this 160 millions excess of imports over exports. That is what the Blue Book proves—that so far from this country giving out riches, giving out money to pay for the excess of things which it brings in, the very reverse is the case, and we are actually saving and accumulating money at a rate which is unexampled in the history of the world.

Well, now, every country that stands in good condition does that unless there is some temporary cause of disturbance. At this moment, and indeed for the last few years, the United States have been exporting more than they import. Why? Because the United States is becoming very rich; it is saving from its home industries, its home market, which is probably to its export market as 95 is to 5. The United States has become rich and is buying back the securities which we bought years ago and brought to this country. Now they are exporting of course in

goods the price of these. It is nonsense to argue from that that we are living on our capital. Would it be said of a man that he was living on his capital because his money was repaid by the person to whom he had lent it on bond? Why, when he gets it he invests it again, and the evidence proves that our people are investing largely. Therefore the United States surplus of exports is not only accounted for, but more than accounted for, and it is plain that the normal example of the United States must be in the end the example which not only this country but Germany and France and all rich growing nations show—of having an excess of imports over exports. That is the sign of real national business life.

Well, now to go back to Mr Balfour in the light of this. Mr Balfour's argument is that our country is surrounded by a ring of tariffs. I have shown you that other nations, like ourselves, are doing everything in their power to develop their export market, and therefore, if the reasoning which I have just given you be right, must be increasing their imports also. But if they are increasing their imports of goods and manufactures and other things generally, you see that there must be a larger and larger market getting up for us to compete in. If these other countries are increasing, if the protecting countries are actually at the present moment increasing their import market as we are increasing our import market, there must be a larger field for our manufacturers to compete in, and so far from the tariff walls excluding them, as is pretended, the tariff walls cannot hinder the process under which a bigger and bigger market is being made for our people to compete in.

Now, you will say, that sounds very fine; but an ounce of fact is worth a ton of theory. I will give you

facts from our friend, the big Blue Book. At page 476 of this Blue Book—I know this table well, so well that I don't need to refer to my notes to find where it is—you will find a statement showing the import and export trade of certain foreign countries. I take Germany to begin with. Germany in the five years from 1880 to 1884 had an average import trade of 154 millions; in the next five years (1885-89) the import trade had risen from 154 millions to 162 millions; in the next five years it had risen to 202 millions; in the next five years (1895-99) German imports had risen to 236 millions, and in the last year that is given—we have not another complete period—in 1902, 281 millions. That does not look as if the German tariff walls were shutting off opportunities for our merchants to compete in that market.

France is not so great a trading country, but I find that there again, from the first five years the imports have risen in much the same fashion. I find they start with an average of 69 millions; they are up to 91 millions in five years; up in another five years to 119 millions; up next five years to 136 millions; up the next five years to 159 millions; the next five years to 190 millions; then there is a drop for the time down to 165 millions in the five years from 1885 to 1889. They are up again to 168 millions by 1895; in the next five years 163 millions on the average, and in 1900 they had risen to 187 millions, and then last year (1902) they were 175 millions.

Then, again, I take the United States. The United States put on a most severe tariff, the Dingley tariff, of which you have all heard, with the view of checking imports in the interests of their manufacturers, but I find a steady rise in the case of the United States also. The Dingley tariff made a great check for a short

time, but last year the United States' imports were 182 millions, by far the highest figure they have ever been.

These increased imports are not simply food and raw material. The classification for the United States is not clear, but Germany increased her imports of manufactured goods from an annual average of 44½ million pounds for 1892-96 to 54 million pounds for 1897-1901, and France increased hers from 23 million pounds for the former period to 28 million pounds for the latter.

Who tells us all this? It is not the miserable professors, it is not the abstract political economists, it is not those musty Cobdenites of whom Mr Chamberlain is so fond of speaking. It is his own Blue Book. The markets are opening to us more and more. We are competing with our neighbours on even terms, and more than even terms, because as Free-traders we get what they do not, the cheapest raw materials and food—and more than that, we have the most-favoured-nation tariff treatment because we impose no countervailing duties on their products.

Well, suppose for an instant it could be pretended to be otherwise. How is it to be made better? Suppose you did protect. You only raise the cost of everything, and what good do you do to your export trade? Mind the point of the Government is, that our export trade shows a certain amount of stagnation. I have shown that while there is in the figures of all the great nations indications of a decrease in the rate at which the export trade is growing, the inferences which Mr Chamberlain draws are largely based on a fallacious reading of the figures. He has read the figures as indicating the quantities without remembering that the prices varied. I have pointed out that such stagnation as there is is in

exports, and is equally shared by other nations, and is due to the growing capacity of each nation to manufacture for itself. But suppose Mr Balfour were right, what good is retaliation to do, I should like to know, to your export trade? In the first place, you will at once lose your most-favoured-nation treatment. Other people will put duties on against you, and shut you out still more than now. In the second place you won't get better treatment, even if you do succeed in making better bargains (which I very much doubt), than other nations are getting which have tariff machinery with which to fight—better than you are likely to have.

Now, Mr Balfour's speech upon this point is really a very extraordinary one. He begins by claiming, as people who ought to support him, those who like myself are uneasy at the want of development of certain trades which used to be British, and who put it down to the want of technical education. I agree that there is room for uneasiness. I can point to trade after trade which we have lost which we ought to have been able to keep, and which if it had remained with us would have made our commercial prosperity even greater than it is at the present time. I would name simply the chemical industry as one which has been lost by the ignorance of our manufacturers, who have let themselves be far outstripped by the Germans, who reckon that their system of technical education has given them in Germany an industry of not less than 50 millions a year. Well, but I should have thought that was an argument for developing technical education. If the Government had shown a quarter of the zeal about our commercial methods, about the instruction of our people relatively to other people, that they have shown for the attempt to undo the existing Free Trade system, we should

have felt enormously indebted to them instead of being in a very different frame of mind.

But then he goes on to say, is not Free Trade a delusion, because the right kind of Free Trade—Cobden's ideal—is Free Trade all round; a Free Trade system in which other countries do to you what you do to them—let your goods in free into their ports? Mr Cobden had that ideal. Mr Cobden wanted to see peace and co-operation throughout the world, and it was a noble ideal. But I take leave to doubt whether that would have been good for us industrially and commercially. Why should this nation with its forty-two million people and its little island, and its absence of any special industrial and natural resources, be able to compete with Germany and the United States with far larger populations and areas and greater natural resources, and all the advantages (which they do not possess at present) of a Free Trade system? I am not at all sure that universal Free Trade would not cause a very great difficulty in the maintenance of our great position if such a system existed. At any rate, I am content to take my stand on this, that we have the advantage over these nations, and that I, for one, am not prepared to condemn our Free Trade system merely because other nations have not abandoned it, but have never even given it a trial. We have got substantial evidence to point to of the advantages of our own system.

Then Mr Balfour goes on to say: "Oh, but Cobden himself was one of those who was inconsistent with his own principles, because he went and negotiated the Treaty with France in 1860, under which he bargained with the French that if they would remit certain duties on our exports to them we would remit duties on their exports of wine and various other things

to this country." Now, ladies and gentlemen, Mr Balfour cannot have remembered what at one time he knew—because, if my recollection does not deceive me, he wrote a review, and a very able review from the old-fashioned Tory standpoint of thirty years ago, of Mr Morley's *Life of Cobden*. If Mr Balfour had remembered the circumstances of the French Treaty he would have remembered that Cobden's Treaty had nothing whatever to do with the kind of commercial treaty of which he is speaking. Cobden did not propose to say to the French, nor did he say to the French, "We will give you an advantage which we won't give to the rest of the world, in exchange for a remission of tariffs." Cobden said, "We shall repeal our duties, and will undertake that they shall not be put on so long as the Treaty lasts if you will let in our goods at a lower tariff rate; but we give the advantage we are giving you to every other nation in the world." In other words it was only a step in the direction of Free Trade, taken with the hearty goodwill and assent of the French Emperor and M. Chevalier, the French Free Trade adviser, in the teeth of a great deal of opposition from the French Protectionists. The true view of the Treaty is expressed in a letter written by Cobden himself to Bright in 1860. He said, "Nothing in the Treaty is in the least inconsistent with Free Trade. We do not propose to reduce a duty which on its own merits ought not to have been dealt with long ago. We give no concessions to France that do not apply to all other nations. We leave ourselves free to lay on any amount of internal duties—excise duties—and to put on an equal tax on foreign articles of the same kind at the Custom House." In other words the same concessions were made to all other nations. It was a

true Free Trade arrangement, and all that Cobden did to persuade the French was to say, "Now is your opportunity to get these concessions, which you will share with the rest of the world, and a guarantee of a Free Trade policy for ten years to come in favour of the whole world, if you will co-operate with us by reducing your own duties on certain things." As Mr Gladstone observed, there was nothing received by France except a measure by which that country conferred a benefit upon itself. Now, for Mr Balfour to say that Mr Cobden is a witness whom he can cite in support of his own policy of proclaiming that Free Trade is—I am quoting his words—"an empty name—a vain farce," and to suggest that his policy is a policy which is consistent with anything Mr Cobden ever did, is to say that which cannot possibly be supported.

Mr Balfour's speech at Sheffield was a remarkable speech. In very definite language he separated himself from Mr Chamberlain's policy of taxing food. I hope he is going to stick to that. What he said was this: "I think the evils of the taxation of food, so far as that taxation is kept within narrow limits—I want to tell the whole truth to this vast audience—I think that the evils of the taxation of food kept within those narrow limits have been exaggerated beyond what reason and logic justify. But I think, nevertheless, that, for historic reasons, that feeling, though it does go beyond what logic and reason seem to justify, is one of those ingrained—perhaps ingrained means nearly permanent—but one of those sentiments born of the history of a people of which it is absolutely necessary that every practical statesman should take account, of which I do take account, and which I believe you cannot traverse with

impunity. . . . I am therefore distinctly of opinion—I am speaking here as one who is bound to give advice to a great party on the policy which they should regard as their official policy—I am bound to give you as the best results of my reflection, to ask you to adopt the conclusion that a tax on food is not, with public opinion in the state in which it is, within the limits of practical politics. So much for the colonial branch of the question."

Now that is a remarkable declaration, and we shall see how it bears wear after the somewhat rough handling which I am afraid it may get from a statesman who is now independent of the present Cabinet. Then he goes on to say that his remedy is a remedy of retaliation. Retaliation, he says, is not going to be with him what it is in foreign countries. Foreign countries retaliate by putting on a huge maximum tariff. For instance, Germany, after a struggle, last December raised its tariff very much. The Germans put a tariff on all goods that come in, and their mode of bargaining, their mode of retaliating, is to say to other countries, "Unless you give concessions and let our goods in we will charge you the maximum duty, whereas if you let our goods in we will reduce the duty." To us they say, "We will let your goods in at the very lowest rate that anybody gets because you are Free-traders." I may be stupid, but I don't see how we are to preserve that advantage if we take to this new policy of retaliation. Mr Balfour says he does not propose to set up an all-round tariff system in this country. I should think not. I daresay he has got before him plenty of examples of what foreign Governments have to face with the tariff wars, and the pressure and the corruption—because that is one of the worst features of it—which that kind of legislation leads to.

But he proposes something else. He suggests that it is possible for the Executive Government to take power to do something. Well, I confess I have studied his utterances with the greatest care, and again I say it may be my stupidity—but I would rather give you the thing in his own words than in mine, because I fear I may not do him justice: "But I do think we might with advantage proceed from the other end"—observe he is not to introduce any general system of tariffs—"and if we thought we could do it without disadvantage to ourselves, which, after all, is the guiding policy in these matters, we might inform any foreign country which we thought was treating us with outrageous unfairness that unless they modified their policy to our advantage we should feel ourselves compelled to take this or that step in regard to their exports to our country."

I confess I am in a state of Egyptian darkness as to the meaning of this new policy. Mr Balfour does go on to say something definite. He says distinctly: "I propose to alter that tradition (the Free Trade tradition) by asking the people of this country to reverse, to annul, and delete altogether from their maxims of public conduct the doctrine that you must never put on taxation except for Revenue purposes. I say distinctly that, in my judgment, the country ought never to have deprived itself of that liberty, and it ought publicly to resume, in the face of Europe and the world, that liberty of which it deprived itself. Of course, that liberty, so resumed, may be abused. I do not doubt it may get into incompetent hands. But it should be resumed." Well, now, I am still in the dark as to what Mr Balfour's meaning is; I confess I do not see what he means. I do understand Mr

Chamberlain, but I do not understand Mr Balfour. He seems to suggest that we should go and, no doubt in polite and diplomatic language, say to foreign countries which put on duties against us: "We are going to do something dreadful to you. We cannot tell you what, but this is to say we may do something dreadful to you if we don't find it inconsistent with our own advantage, unless you reduce your tariffs."

Well, the practical Germans have tried this very thing with their very complete tariff system with the big maximum scale of which Mr Balfour shrinks from even contemplating the introduction in this country. The Germans have tried it and they have landed themselves in tariff wars—in a disastrous tariff war with Russia, and, for that matter, tariff wars with other countries—with the result that their Russian trade at this moment is sinking in the fashion which I pointed out to you in the figures which I gave you earlier in this speech. The French have had a disastrous tariff war with Italy, and I ask you whether we are going to plunge ourselves into this new kind of war, of which we think lightly because we know nothing of it, and which, thank goodness, our Free Trade system has saved us from.

Why, take it even from the point of view of the merchant, such a system is disastrous. He does not know what the duties will be from one year to the other. He does not know how to make a contract ahead. He cannot guide his commercial policy. Matters are reduced to an uncertainty which is paralysing to financial policy, and it is no wonder that the German merchants, or many of them, and the German people still more markedly, are calling for a return to the policy of low tariffs or to Free Trade altogether. The great Social Democratic Party in

Germany, which is growing, growing, growing, made at the last election three of its five great questions turn on the tariff issue. Thank goodness, we have not until now had to face in this country anything of that kind. Mr Balfour is going to bring us into nothing short of that.

What is he going to propose? When the Budget comes forward are the Ministers to say of each particular article: "On this we think it will be better to retaliate; therefore we ask the House of Commons to be so kind as to give us full power to put on any duty we think proper against particular people." Such a policy as that coming from the mind of a responsible statesman is nonsense, and I rather take refuge in the hopeful hypothesis that His Majesty's Ministers have not made up their minds upon this, as they have not made up their minds on a good many other topics.

Mr Balfour is going to impose retaliatory duties. For whose benefit? Somebody complains that he is "dumped" against. We will say that it is a case of steel that is dumped here. Is he going to impose retaliatory duties against Canada, which is giving the largest export bounty on steel of any country in the world at this time, and sending over to us, dumping on our shores, quantities of steel during the last year at lower prices, owing to those export duties, than other people? If he is, what becomes of Imperial unity and the drawing together of the Colonies?

Is he going to impose a duty against the Germans, when they say that they can send to you steel at lower prices than our own people can buy it here, and at lower prices than they themselves sell it at home? If so, what is to become of industries like our tin-plate

industries which, by the purchase of their cheap steel, have not only recovered themselves against the Dingley tariff, but have gone ahead, as the Blue Book shows, with the most remarkable strides in Russia and Germany and other countries?

What is to become of our shipbuilding if you put on retaliatory duties upon raw materials like iron, or even some of the semi-manufactured materials? What is to happen to our shipbuilders who are able to sell 25 to 30 per cent. cheaper than the Germans, 80 per cent. cheaper than the French, and much cheaper than the American shipbuilders, because they can get these free raw materials? It is an impossible task for a Cabinet to take upon itself to know when it is to retaliate.

You are to save raw materials; you are not to tax these. But what are raw materials? For the tin-plate industry the steel plates which you dip in the molten tin are raw material; for the shipbuilder the boiler plates which he gets are the raw material with which he works; for the great boot and shoe industry, an industry which is increasing in this country very rapidly, notwithstanding the hostile tariffs, the leather which we import from abroad partly manufactured is yet raw material. How are you to retaliate in favour of the leather manufacturer without inflicting incalculable injury on the boot and shoe manufacturer who can only compete in foreign markets if he can get cheap leather? That is the kind of thing which His Majesty's Ministers seem to have thought about as much as they did of the cost and duration of the war when they were fitting out their South African expedition. A Cabinet like that is not a Cabinet that you can trust.

Well, I should take up your time all night if I were to go into the endless details and difficulties of this

policy which was foreshadowed at Sheffield, but which, if I mistake not, will be presently swept away in favour of something very different; swept away not merely by Mr Balfour's enemies, but by those who are co-operating with him from outside.

But worst of all there is something else which I must not omit to mention. In foreign countries where they have got those tariffs, politics and public life, I regret to say, have become matters of the most sordid self-interest. In the United States the best men serve in the great State offices, but they shrink from going into Congress because they do not like the constant lobbying of the big manufacturers and the trusts and the protected industries which batten on Protection at the expense of the nation, and which use their influence to get the tariffs kept up, and if possible heightened. In Germany you have the agrarian industry struggling to get the best terms for itself; in France you have the syndicates of merchants and manufacturers combining to influence the elections.

Instead of having our public life, such as it is, lived at a level that is entirely free from that kind of element, you will have the public life of this country transformed and brought back to that state of things which Burke described in his address to those merchants of Bristol who cast him out because he preferred the interest of the nation to the interest of his selfish constituents. Thank goodness we are free from that kind of atmosphere in our Parliament, and I trust the people of this country will make sure that that atmosphere is not allowed to come into it. We have got one big trade organisation which has political influence, and I ask you whether you wish to see another influence intruded into our public life of the force and magnitude

of the liquor interest? I ask you whether you want to see that example followed by the iron and steel people, the leather people, the printing people, the machinery people, by everybody who has got an interest in having a special protective tariff raised for his own benefit.

Protection is like alcohol—the more you take it the more you crave for it in larger doses. The purity of our public life is something we will not willingly part with, and I don't think Lord Hugh Cecil exaggerated at Sheffield when he used language in which he declared that rather than commit himself to what he felt would be the ruin and degradation of his country, of the standards of public life, he would sever himself from what he called an apostate party. And is it justified? I could draw you a picture of our position, on which I ask you to ponder, and on which I ask you to weigh the conduct of those Ministers who have proposed to reverse so absolutely and revolutionise the character of our public life.

Is our national life showing any signs of shrinking? Well, let us take the capitalists first. Let us take the gross Income-tax returns. They increased in the ten years from 1891 to 1901—in which our population went up something, but comparatively little (I think some 10 per cent.)—from 678 millions in 1891 to 867 millions in 1901, an increase of 188 millions, or over 27 per cent. Does that look like national poverty? Does that look as if the wealth of the nation was being drained away? In trades and professions, under Schedule D, in the last thirty years the incomes have increased 30 per cent. The yield of a penny per £1 of Income-tax has increased from £2,238,000 in 1892 to £2,531,000 in 1902.

The bankers' figures are most significant figures,

because they measure the trade which the nation is doing, including that huge trade of which we have heard too little, the home trade, which this Blue Book shows us is as five to one compared even with our huge foreign trade. These figures show that the amount cleared in cheques and bills rose from 6482 millions in 1892 to 10,029 millions sterling in 1902. Savings banks deposits, the investments in Consols of the working classes, the deposits with the insurance companies have increased, as I could show you from tables which I have here, in the most extraordinary fashion.

Take some of the persecuted industries that are suffering from Protection. We will take iron and steel—and we hear of nothing but the grievances of the iron and steel manufacturers, although that unfortunate Blue Book has a memorandum which reduces them to very small dimensions indeed. You must test them by the facts and the figures. In 1851 the persons employed in iron and steel manufacture numbered 95,000; in 1861, 129,000; in 1871 they had risen to 191,000; in 1881 they had risen to 200,000; in 1891 to 202,000; in 1901—in the ten years most complained of—to 216,000. These figures are for England and Wales alone; there has been a corresponding increase for the United Kingdom as a whole, from 110,000 in 1854 to 245,000 in 1891—the figures for 1901 are not yet available. Well, but I suppose people do not employ more workmen for nothing, and those martyred manufacturers, those unfortunate iron proprietors—let us look at their Income-tax and see whether their incomes have been falling off. In the years between 1892 and 1896 the average income on which they paid tax was £1,900,000; in 1899-1900 it had risen to £3,211,000; in 1901 to

£5,380,000, and in 1901-02, the year of "dumping," to £6,600,000.

Take our shipping. To cut a long story short, it has increased by one million tons in every five years since 1870. In the same period the United States' over-sea shipping which competed with ours a generation ago has decreased by one-half; that was Protection. All our industries, iron and steel, machinery, shipbuilding, tailoring, boot and shoe making, furniture, pottery, and many others have increased, and although there has been depression in woollen and cotton, and there are less men employed, it is clear that the woollen and the cotton trades have increased, because the amount of raw material has very largely increased. I agree that you can point to industries like the lace industries, like the linen and silk industries, which have suffered—but suffered from perfectly natural causes. Instead of our having the monopoly of manufacture, other nations are manufacturing for themselves. But we still have large business even in these.

Now, I take wages. The Blue Book, this valuable document, shows that, in the last five years, while the cost of food has fallen all over, there is more available. The German workman for 100s. has become able to purchase as much food as he could twenty years previously for 111s. He is only 11s. better in twenty years, but the British workman is 33s. better in the twenty years. He can now purchase for 100s. as much as he could twenty years ago have purchased for 133s. That is the Blue Book. That is not a vain statement of mine. That same document shows that the average wage of the German is only two-thirds of what ours is under a Free Trade system.

Take, again, the capital of the country. Sir Robert Giffen estimated it the other day—it is not in the Blue

Book because it is speculative, but it is the work of a great statistician—in 1865, at 6113 millions; in 1875, at 8548 millions; in 1885, at 10,037 millions; and in 1902, at 15,000 millions sterling. The rises were thus 6 in '65, 8 in '75, 10 in '85, and 15 in 1902. These are the relative proportions. In face of all these things how can you say the condition of the nation is worse than it was?

Why, our policy is to recognise that there are things that have to be done, that we have to devote ourselves to improving industrial methods, that we have to devote ourselves to having a real Board of Trade, a real Ministry of Commerce, a real Consular Service, a real Education Policy, a real development of the constitutional relations of the Colonies, taking them more into consultation in the advice that is to be given to the Crown. There is another policy which I think more than any other will tend to raise the life and industrial capacity of the country. That is a social policy which shall deal with temperance and housing and questions of that nature which bear closely on our productive capacity.

Never did I feel more strongly on any question. The forces arrayed against us are very great, but one consolation remains. The truth is great, and the truth will prevail. Things may look black, yet there is a saying of President Lincoln that comes back to me: "You may fool half the people the whole time, or you may fool the whole people half the time, but you cannot fool the whole people the whole time." Our case will come out in its overwhelming weight of argument. So it will be if the Liberal Party fights as I hope the Liberal Party will fight.

I, for my part, pledge myself to you that in this

county, at any rate, this revolution—for revolution it is —shall be carried over my political corpse, if it is carried at all. I will lead in this fight if you will follow. And if we put our hearts into it, and if we have faith, we shall win.

AN ALTERNATIVE POLICY

A Speech Delivered at the Caxton Hall, Westminster, on 12th November 1903

It is needless for me to observe that I cannot to-night address you upon any topic excepting the question of the hour. And indeed, there is some excuse for it. The great wave of debate, the wave which began six months ago, has not yet spent itself. There are nooks, there are crannies, which it has not yet explored. Into some of those I wish to dive to-night.

Well, that is a proceeding attended with a good deal of peril. Appeals are being made with increasing frequency week by week that this should not be treated as a party question. If this question is not to be treated as for party I should like to know what question is to be treated as for party. The business of the Opposition is to scrutinise, to examine. I have never held that the business of the Opposition was always to oppose. But we who represent the Opposition in Parliament are the guardians of the public interest. Our duty is to ask for accuracy of statement, to demand argument in reply to argument.

Now I know, however constitutional that proceeding may seem to you who are on the Liberal side, it will not in all quarters be well received. Those who pedantically insist upon accuracy in this great discussion will be denounced as Little Englanders and as lawyers. Well, that notwithstanding, the painful duty of following Mr Chamberlain about from position to position—

a duty which involves considerable activity—is one which we cannot wholly dispense with.

There are three classes of people to whom I think Mr Chamberlain has appealed with considerable success. The first class is the class of those who have the feeling that something ought to be done for the Empire. They do not as a rule pause to consider what. Yet it is an obligation which we cannot escape —to look closely into suggestions which are distinguished by a plentiful lack of care in the definition of what is to be done.

Then there is another class that Mr Chamberlain has appealed to, not without fruitful consequences. There is a body of people, some of them manufacturers and some of them workmen, who have a genuine interest in Protection. I have never denied, and no sensible person would deny, that there are many industries that have been hard hit by foreign tariffs. But it is no new thing to find industries hard hit by foreign tariffs, nor is it a new thing to listen to an appeal to Parliament to enact protective laws for the assistance of those industries. Nothing strikes me as so odd in reading the speeches of our opponents as to see the illusion that they seem to be under, that their arguments represent something new, something modern, something worthy of the year 1903. Why, these venerable chestnuts which are dished up for us, day by day, have been roasted long ago until one would have thought they had cracked and burst. There is a test which our ancestors applied of yore to these arguments, and which we must apply, the question whether these propositions for the protection of special interests are propositions which are conceived in the interests of the majority, of the State, as distinguished from sectional interests.

Well, but there is a third class with whom I

have more sympathy, I mean the class which says: "It is all very well for you Free Traders to come forward and urge the old considerations, very cogent no doubt, but we feel and we do say that there is something not very satisfactory in the condition of British trade to-day." There *is* something that is not very satisfactory, and to me it is a matter of rejoicing that this matter should have at last come to the front. Some of us have been going up and down and preaching to very moderate audiences for years past that there is a good deal to be done before the British manufacturer can have a fair chance in competition with some at least of his rivals over the sea. And I am very glad to think that the public should have awakened to the sense that there is a big question that has to be dealt with there. It is rather striking that we should find Mr Chamberlain in the novel capacity of a recruit to the doctrine that the British manufacturer is not everywhere and always in the best position in the world. The reasons for that and the meaning of it I am coming to in a moment, but for the present what I wish to say is that I should welcome Mr Chamberlain the more, and be the more ready to subscribe a moderate amount to a statue for him for bringing forward this question, were it not that I feel that his advocacy is a little damaged by his past record.

Now, nothing could be more unjust than to quote the Mr Chamberlain of 1883, or 1885, or even of 1886, against the Mr Chamberlain of to-day; I would not willingly do such a thing. But there is the Mr Chamberlain of 1896. He was then Secretary of State for the Colonies in Lord Salisbury's Government—very much associated with the same gentlemen with whom he is associated to-day—and he

made a speech on the topic to which our Chairman alluded—the competition of the foreigner—and he told us there was nothing in it. "There is no reason whatever," he said on the 13th of November 1896, "for putting forward alarmist views of our position, which are greedily snapped up abroad, and which lead our foreign friends and competitors to take altogether an erroneous view of the commercial power and the commercial influence of Great Britain." Well, Mr Chamberlain is preaching another gospel to-day, and I am not inclined to quarrel with him about bygones. But where we differ is as to what is wrong. I am with him in thinking that there is something which is well worthy the attention of the State, but I am not agreed either as to the diagnosis of the disease, or as to the cure for it.

Now let us see what are the two conflicting views. Let us state them, because when we have stated them distinctly then we shall know where we stand. The contention of Mr Chamberlain—and I am not sure, although this is a topic of somewhat obscure research, whether it is not the opinion of Mr Balfour also—the contention of Mr Chamberlain is that there is some general cause affecting every one of our trades which has put them at a disadvantage with foreign competitors. The view on the other hand of those who do not agree with Mr Chamberlain is that there are special reasons which can be tracked out in nearly every trade where there is default, and which explain how it is that there has been a lagging behind in the race. Now that, you will observe, is a very different view of the matter, because it involves a special scrutiny of each trade to see whether there is something which ought to be done in order to put it on a better footing. It is a very different view from the opinion that there is some one

general cause which you can take hold of and say, "If this were only put right the condition of British trade would be perfect."

The first view, the view of Mr Chamberlain, is this, put shortly—"We are being surrounded," he says, "by a tariff wall which is gradually closing in upon our manufacturers; they cannot get their goods into foreign markets; there is less and less space every year in which they can compete"—and then he says that if only we would do the wise thing, if only we would agree to shut out those foreign imports which the foreigner who excludes our exports is sending in every day, we should find a mighty increase in the wage fund which he considers exists in this country, an increase of resources which would give employment to our working classes in an ever-increasing proportion. Now, Mr Chamberlain is a man of courage. He has steadily advanced that argument, and it is a little painful to us to see how faint has been the chorus of applause. He has put that proposition forward in speech after speech—I might almost say with increasing vehemence—and yet I find that not even "Tariff Reformer" in the *Times* is concerned to lift up his voice in support of it. He has got against him the Professors—that is one big P—and it remains to be seen whether he will get on any better with the People. Anyhow, the point is one which I shall have to examine a little more closely when I come to it later on to-night.

Now with regard to the other view I have indicated to you, it is that if you take the trade of this country and scrutinise it carefully—and nothing is to be done unless you do that—you will find that taking trade after trade they vary very much in their position. Some there are where there has been

marked progress in the last few years; others there are where there has been stagnation; and yet worse, there are a good many of them where there has been a distinctly retrograde movement.

Well, I have stated the two views. I am not arguing about them, yet—I want to focus your attention on what is the real point of the controversy, because you will have perceived from this that I am not one of those who roll myself up in the traditions of the past and think that there is nothing to be done in order to put British trade on the footing which it ought to occupy in the commencement of the twentieth century.

Let us look for a moment in the first place at Mr Chamberlain's proposition that the commerce of this country is in the very serious condition of stagnation which he alleges. Let us see whether, taken as a whole, it is going back. I am not for the moment alluding to particular trades as going back, because there are particular trades that are going very much forward, and my contention is that you have to examine them in detail before you can form any judgment as to the whole. The point I am dwelling on at this moment is whether there is any general cause, such for example as the existence of tariff walls which could be made less harmful by the adoption of a system of protection, which can account for the state of things which Mr Chamberlain alleges—and to begin with I want to see whether that state of things is as he has alleged it to be.

Well, in the course of all his speeches he has asked us to direct our attention upon the export trade of this country as though nothing else existed. Now I am not one of those who for a moment desire to minimise the importance of the export trade. It is very important. But I do wish to point out to you

that before you proceed to judge the commercial position of the country as a whole, you must have some view of the Home Trade also. The Home Trade has been variously estimated at from five to eight times as much as the Export Trade. And if you take the figures they certainly do not convey that, taking the trade of the country in its entirety, Home and Export together, we are in a bad position. I am not going to weary you with statistics with which you are probably familiar, because I have other things to talk of to-night; but I may remind you that, tested by what is after all the very best test in this matter, the bankers' figures, the figures which measure, as nothing else can, the volume of business in the country, there are some very striking facts which confront you.

In 1892 the amount that was cleared in the Clearing House was 6482 millions; ten years later—in 1902—the amount that was cleared in the Clearing House was 10,029 millions. I need hardly trouble you with the Income-tax figures, for they are very well known. These relate, of course, to what I may call the well-to-do classes; but the income brought for review before the Income-tax Commissioners in the year 1891 was 678 millions, and in the year 1901 (ten years later) it was 867 millions, a difference of 188 millions, which represents an increase of 27 per cent. in a period during which the population had increased only some 10 per cent. Now do not for a moment suppose that I am going away from my point, which is that I agree that there is something that has got to be attended to. I am only working up by degrees to what that something is, because I take a very different view of it from what His Majesty's Ministers seem to do.

When Mr Chamberlain comes to the supposed falling off in our export trade he seems to me to

confound what is true of certain trades, but is totally untrue of other trades, with what is true of the trade of the country as a whole. Now Heaven forbid that I should summon up the spectre of the figures of the year 1872. We are all sick of hearing about them, and I have a faint hope that even the courage of Mr Chamberlain will not allow him to try to defend his Glasgow speech about them any longer. But I am impressed with some broader aspects of the recent history of British Exports. During the last 25 years the total exports of the produce of Great Britain have increased some 40 per cent., while the population has increased only 25 per cent. Well, you know that in taking 25 years you are taking a goodly period which averages out the eccentricities of particular years, and therefore I venture to think that that kind of test is a much more profitable one than the test of particular years—and putting forward deductions from them.

Even taking the foreign protected countries which have set up tariff walls, the countries about which we have heard so much, I notice on scrutinising the figures, that in the same period, the last 25 years, the increase of our exports to them has been 22 per cent., while our population has increased 25 per cent. Well, that does not argue any very great falling off when you consider that these protection countries are learning, what they used not to know, how to produce for themselves, and that in education and in manufacturing skill they are running us very close, ay, and not only running us close in those things, but are increasing in population in a way that our comparatively limited area cannot enable us to do. Why should we be surprised at Germany, with its population of 56 or 58 millions, producing at a rate which is more rapid than that of a

country where the population is only 42 millions? Why should we be astonished at the United States, with her marvellous natural resources, and her increasing people—to-day somewhere about 80 millions in number—progressing at a rate which is proportionately more rapid than that of a country which had years of start?

Well, I do not want to dwell upon these things in detail. But it is very striking, when you look at them, as they actually stand at this moment, to see how this unfortunate country, which is in a condition of ruin as we hear, finds itself to-day. I take the year 1901, because it is the most recent year for which we have the full statistics of the exports of manufactured and partly manufactured articles. In that year this country exported 221 millions of these articles. Germany, with her 58 millions of population, as against our 42 millions, exported 144 millions, and the United States 85 millions. Now I do not for a moment say that I take the export trade as conclusive. All I wish to do is to point out to you how utterly misleading is the case which Mr Chamberlain has been making before the country. If you take the most recent figures we have, figures which are only just out, and which I have only had time to examine summarily, you will find that, for the year 1903, of which we have only ten months, those ten months show an increase in our British exports of some eight millions over the corresponding ten months of last year, and that seven millions of this increase consisted of manufactured goods.

Now, I want to argue strictly within the limits of what I am certain can be proved. I am not contending, far from it, that there is nothing to do, that the policy of a great party ought to be to sit still with folded hands.

Before I sit down to-night I will put a very different view of things before you from that. But I do wish to say that the case that has been placed before the electors is a case that is utterly and absolutely misleading. I do wish to make out to you what I am convinced I can make out to you, that if the advice which is being given to us at the present moment were followed, it would be most perilous for the Empire, and most disastrous for our trade and for our commerce.

Let us come a little closer to the scrutiny of things than Mr Chamberlain has yet done. I agree with those who point out that certain branches of our manufactures are down while others are up. Well, but if that be true it disposes of the notion that there is any single and general cause which can account for everything, or that any such remedy as Protection if called into operation can make good the shortcoming. The proposition which I want to submit to you, the proposition which I am here to establish to-night, is that the cause of our difficulties is want of method—a want of method which the State could do much to remedy—and which it is the sacred duty of any party which is responsible for the destinies of this country to seek to remedy.

Now, it is always convenient to start off in an inquiry of this kind with a concrete case, and I am going to take a concrete case which illustrates how extraordinarily rapid are the variations in these matters. A few years ago, notwithstanding the enormous market which was opening at home and abroad for electrical appliances, there was no department in which British industry was more deficient than the manufacture of these electrical appliances. I know there are gentlemen on this platform who can bear out what I have to say. It was only a year or two ago that one of the greatest experts in

London, in giving evidence before a committee of inquiry on this subject, used these words: "If you want a piece of electrical machinery constructed according to a well-drawn-out specification I would certainly say, Do not send it to an English firm; for dynamo manufactures send to Germany; for magnet steel to Germany or France; for materials for resistance coils to Germany, and for the paper used for insulating underground cables, to America."

Now those who know the magnitude of the demand for those appliances are aware what that means. That was two or three years ago, and it was strictly true of things as they were. But the practical instincts of our race—on which I rely, if they have a proper chance, to raise us as high as any nation of the world—came to our rescue. I am not one of those who propose either to "take these things lying down," or cry out for protection to help me, and I am very glad to think that our manufacturers did not take them lying down. What they could not do themselves they got those who were skilled enough to come and help them to start, and they did start, and to-day there are great firms—it would be invidious to do more than mention one or two names—firms such as the British Electric Traction Company, Willans & Robinson of Rugby, and Westinghouse of Manchester—an American who has come here, but who has come here with the aid of British capital—who, along with others whom I could mention, have revolutionised the trade in electrical appliances in this country. The census statistics of 1891 show some 12,604 people engaged in that industry. The census statistics of 1901 show that 49,519 at least are engaged in it. On every hand you have the evidence that the lesson has gone home, and that we have learnt something of method in that matter.

But do not misunderstand me. In this huge

industry we have still an enormous lot to do to be alongside our neighbours. There are not the chances to-day of learning the science of that industry which there ought to be. In our great city of London, our great metropolis, there is no school of Electric Traction. I should like to see something else than the necessity of our young men going over to Berlin, or to the United States, to learn their work. There are splendid men of science here. I think if you review the history of the science of electricity you will probably find nothing more marked than the way in which great Englishmen have stood at the very top of this tree of learning. But while we have had quality of the very highest kind we have been lacking in quantity, and the reason we have been lacking in quantity is because we have not made provision for quality spreading itself.

Well, look at other cases where the outlook is not only hopeful but more than hopeful. In ships —yes, and not only in ships but in machinery— we stand very high to-day. So far from our exports falling off, these exports are increasing. There are no firms in the world that stand higher than those of our shipbuilders, nor are there any firms that, in the matter of fine machinery, stand in a greater position than such firms as Armstrongs, the great Elswick works, or Vickers Maxim. But why do these firms stand high? This very afternoon I was sitting with my friend and colleague, Sir Andrew Noble, the head of the great Armstrong firm at Elswick, on a scientific committee, and he told me something which I asked him for leave to quote to you to-night, and I will quote. He told me that his firm was every year spending £100,000 upon experiments alone. That is the way that progress is made. You cannot stand still in these big industries, and it is because a good many of

our venerable manufacturers have not recognised this fact that we are in the difficulties in which we stand to-day.

"Ah! but," says Mr Chamberlain, "chemicals are down." Yes, chemicals are down, and in a minute or two I will give you some reasons why they are down. They are not down for want of protection. I am afraid that it would take a mighty amount of protection to enable that sinking ship to float. It is pretty plain that there is not any general reason which you can point to as dragging back our trade. It is perfectly plain that our chances in the world are as good as our chances ever were at any time. Of course, I know that foreign nations have got high tariffs, that they are shutting out goods, that they are embarrassing individual manufacturers. But are the markets in which we compete less than they used to be? Why, despite the protection which is given to the home markets of the great protectionist powers, their import markets are rising year by year.

Now I have gone with some little care into this matter which has not been investigated in the Government Blue Book. The Government Blue Book is an admirable book as far as it goes, but, of course, the experts, who compiled it, were there only to answer the questions which were put to them, and they were not there to answer the questions which were not put to them. Now, why do I say that the markets of the foreign protectionist nations in which we are competitors, alongside, and in rivalry with, other people, are larger to-day than they ever were? First of all, I will tell you why it must be so. It must be so because in our foreign trade, goods are paid for in goods. And if you export, as every one of these great commercial rivals of ours wants to export, you must take payment in imports. They are exporting more and more every year, and they are bound to import more and more every year.

Let me dwell on that just for a moment. If I go out into Regent Street to do some shopping I am forced to put gold and silver into my pocket or else to have credit, which will mean gold and silver later on. But the foreign trader is in a very different position. A foreign nation and this nation when they trade trade in hundreds of millions. Well, but you know that there are not hundreds of millions of sovereigns going about which can be used. In this country we have a foreign trade which extends to the best part of three hundred millions. Do we export three hundred millions of sovereigns? Why, for the last fifteen years we have been importing on balance, on the average, something between four and five millions worth of bullion and specie every year. It is perfectly plain we have not been exporting any sovereigns. Now what happens between these great foreign nations which do a great trade? They barter. They exchange goods for goods, and if they do not exchange goods for goods they get into great trouble. If for example we said to France—with which we do a large export business, and from which we import a great deal of French goods—if we said to France: "We are going to deal with you on cash principles; be so kind as to send us sovereigns," what would happen if we got the sovereigns? Why, the sovereigns made out of French gold would become very numerous in this country. The purchasing power of the sovereign would fall, relatively to the purchasing power of France, where gold was scarce. The result would be that prices would go up; the workmen would demand more wages; the cost of raw materials would be bigger because more gold, gold being a drug in the market, would be demanded in exchange for them. At the end of it all, our prices would go so much up that we could not compete with the French manufacturer, and, automatically, the thing would redress itself.

On the other hand, if we were exporting gold, so that we were short of sovereigns, the result would be that the price of things would go down, the purchasing power of the scarce sovereigns would be greater, and we should compete at such an advantage that we should soon drive Frenchmen out of the market. The consequence is that, by a law which is as true and certain as any of the laws of motion, if you take things over a large enough period, they adjust themselves, and that foreign trade must be done on the basis of barter because it cannot in reason be done on the basis of gold. Out of this result flows the further consequence that, not the French merchant individually, because he does not trouble himself, but those who control French external trade, the bankers, the people who regulate these things, are concerned to see that there is such a demand as that the exports in each country shall very nearly balance the imports.

Suppose, for example, that I want to buy a motor-car from the firm of Panhard, because I happen to think a motor-car from him is better for my purpose than a motor-car which I can get here. I observed, not very long ago, that Sir Conan Doyle, a gentleman whose delightful stories we all welcome, but whose incursions into the field of economics and trade have not perhaps been so happy—Sir Conan Doyle wrote a letter to the papers and said: "If I buy my motor-car from Panhard, in France, does not it follow that I have deprived the British workman, who might have made it here, of some wages? For that motor-car might have been made here, and the British workman would have been paid for it." Yes, he would have been paid for making a worse motor-car, because if it had not been a worse motor-car it would have been bought here. But I will tell you something more that would

have happened. The men who, in Oldham, made the cotton spinning machinery, which was one of the items of export to France, and made up part of the payment for the French goods which included the motor-car, these makers of cotton machinery would have found the market to be so much the less, and the Oldham machine-maker would have been deprived of so much of his employment.

Goods pay for goods; manufactures pay for manufactures. You cannot artificially keep out an import, which has to be paid for by a corresponding export, without depriving the workman, who has to make that corresponding export, of his job. It is as broad as it is long—no, it is broader than it is long, and I will tell you why. Because the reason we go to France for the motor-car is that the Frenchman has a greater skill than ours, and we think we get the best value for our money there, and the community is profited by that. On the other hand, British capital flows naturally into the business of making cotton-spinning machinery, which the Frenchman thinks the British manufacturer can make better than he can make it, and consequently you have got the most fruitful application for capital for the Britisher and the most fruitful application for the Frenchman.

Well, now, you will say that that is a very abstract sort of reasoning. Let us see how it is borne out by the facts, because this goes to the very root of Mr Chamberlain's case. The other day, with the very skilled assistance of a friend of mine, who is sitting on this platform, Mr Percy Ashley—one of our rising economists—I worked out a table, which shows the position of the great protecting countries in Europe. I could not take the United States, because we have not got available figures for that; but my table was directed to ascertain-

ing from official statistics, from the German official statistics, from the French official statistics, and from such foreign official statistics as were obtainable, the position of the great protected nations as regards their imports. If it is right, their imports, even of manufactured goods, have been going up.

Now, before I come to this table let me say that the Blue Book has answered one question. There is no doubt of this that notwithstanding that Germany, France and the United States protect against foreign nations and protect their home markets, their imports are going steadily up. There is a table—I know it so well that I can quote to you from memory the page it is on—page 476 of that Blue Book—there is a table which shows that these imports have been steadily increasing. There have been years of fluctuation, but taken over an average they have been steadily increasing, and last year they were higher than they have ever been. But that is not only so with the general imports; it is so with the manufactures and manufactured goods, which we make, in competition with the rest of the world.

From that investigation, which is founded upon official statistics, I find that taking Germany, France, Switzerland, Russia, Italy and Austria—I have not got the United States simply because they have not published the figures in a form which would enable us to get it—they are all up. Taking a comparison based on an average of years—and it is always best to take an average because you eliminate unfortunate things like the year 1872—taking the average of the years 1892-96, five years inclusive, and comparing that with the average of the years 1897-1901, I find that Germany has gone up eight millions in import of manufactured and partly manufactured goods, that is to say twenty per

cent.; I find that France has gone up five millions, which, for her trade, is close on twenty per cent.; I find that Russia went up, in her imports, no less than eight millions, which is eighty per cent. of increase.

Now, I want to ask on these figures a very pointed question. They have been published. They were published on the 17th of last October, and they have not been challenged. I want to ask whether it is true that even the great protective nations are importing more and more goods, ay, and manufactured goods, than they did before. If that be true then the very bottom is knocked out of Mr Chamberlain's case. If that be true we are competing on the same terms as our fellow-manufacturers, ay, and with the advantages of open ports, through which we can get our materials as cheaply as it is possible to get them. Yes, and with the advantage of that most-favoured-nation treatment which is given to a free-trade nation we have these things in our favour, and if we find that in some things, which we try to send into those great and increasing neutral markets, we have been beaten by our competitors, and in other things we are increasing our lead over our competitors, what is the inference? The inference is that, where we fail, it is due to the fault of our manufacturers, or to the fault of the State, in not seeing that those manufacturers have the chance of being trained in the methods which are essential to their business.

We have improved in many respects in the last few years. I suspect that all round we have improved, but these nations which have wakened up, which are now our competitors, which are running the race against us, have improved still faster. When Germany lay under the heel of Napoleon, nearly a century ago, what did the great men, who ruled

in Germany then, do? They did not hope at once to regain their military power; they saw that there was something which could be done first, and which ought to be done first. They laid the foundations of a great system of national education—such as the world had not before seen, and with which we have even to-day nothing to compare. Take the United States. After the war, after the miseries of the Great Civil War of the sixties, what did the United States do? It withdrew itself from foreign relations, it concentrated itself upon industries, it developed, not only method, but the education which is the indispensable preliminary of method, and the result was that an energy was thrown into the business of improving method in the United States, from which we are suffering at this moment.

Well, now, I have given you some of those things in the abstract, and, if I am not wearying you, I should like to take you into the concrete. I want to put before you in the concrete what this kind of thing means, because it is important that we in this country should understand what it is that our Governments have got to do, if they are to be worthy of the confidence which we place in them. I will take a trade which I happen to know something about. I have sat on a scientific committee in one of our Government Departments for some years past, and among other things we had to investigate was the position of what is called the Cellulose Industry. Out of the waste of cotton fibre there is made an extraordinary variety of things. By treatment with nitric acid, the cellulose which that waste contains produces a vast variety of articles. If I looked at the umbrella handles of my audience I have no doubt I should see some that looked like ivory, and perhaps were believed by their possessors to be ivory, but most of them would be

cellulose which had been made into celluloid. If I looked, further, too curiously, I should perceive tortoiseshell combs which were not tortoiseshell, although their possessors had the utmost confidence that they were. I might even, if I scrutinised closely enough, see what are called paper collars, and paper shirt-fronts which are not made of paper at all, but made of this most valuable commodity, celluloid.

But cellulose is not only used for peaceful purposes; it is the basis of our great explosives, of blasting gelatine, and of cordite, and of other things which are used in military warfare. There is hardly a department in which cellulose is not employed; it makes billiard balls, it makes knife handles. That is a very good illustration. Now it fell to me a little time since as a member of a Government Committee to go to Germany to ascertain to what extent the Germans were ahead of us in the business of nitrating the cellulose, that is to say, treating it with nitric acid and making it fit to form the commercial product which is used in such a vast variety of industries. I need not tell you that the production itself is a very modern industry.

I went to Berlin a couple of years ago and I spent some time there in investigating. I will tell you what I found. I got an entirely new view of the German trust or cartel, the thing which is said to dump, but which I discovered did a great many other things besides. I formed a higher opinion of the German trust than I had before, because I found it not merely arranged prices of goods, but it also took a great interest in buying the very best science. The German manufacturers discovered that science was not a thing that they could buy in the cheapest market and sell in the dearest. Like labour it is not a commodity. The German manufacturer found that, if he wanted to

do well, he had to combine with his fellow-manufacturers to put aside trade rivalries, and get the very best that could be got. Now what did they do in this business of nitrating the cellulose? Twelve of the great firms combined together and put down £100,000, providing besides £12,000 a year, and in one of the suburbs of Berlin, near the great University, founded an institution which we have nothing like in this country. They had the most distinguished professor of chemistry that they could get from the University of Berlin at the head of it; they gave him a large salary; they employed under him the best highly technically trained assistants that the University and the Technical Schools of Berlin could produce; and when I visited it that establishment was in full swing.

Now see what the effect of that has been on our unfortunate British industries. The celluloid used for commercial purposes was first, I think, brought into the market in this country in Birmingham; but it speedily found itself in a difficulty. The highest quality, to produce which required fine chemical investigation, could not be produced here so as to compete with the German quality. The German quality was whiter, finer. The result has been that a really great industry was very seriously injured by foreign competition. And when I saw the fashion in which this great central institution of which I have told you worked for the group of rival manufacturers who were employing it, I came to understand the reason. I found that whenever they had a problem, whenever they found that the British manufacturer was making his celluloid a little whiter, they said to their experts: "Will you show us how to make ours whiter still?" The investigators were set to work and we were beaten nearly out of the field in that.

Then I discovered something more, and now I am going to tell you a curious little piece of personal history. I found that the German was beating us in the manufacture of this stuff, and in the manufacture of all the vast array of derivative products—and I have not enumerated a third of them to you—by reason of another fact. He had access to pure alcohol, in the cheapest form. Now do not think I mean pure alcohol for internal consumption. I am speaking entirely of external consumption. The State lets the German manufacturer buy as much alcohol as he wishes—provided he can satisfy them that the *bona fide* use for manufacture is all that is intended—without payment of any duty. In this enlightened nation of ours we had all along been saying, " There are two kinds of alcohol; alcohol which has been methylated and so made dirty, and pure alcohol. The latter you may indeed have, but whether you want it for drinking or whether you want it for making billiard balls, or knife handles, or umbrella handles, or a thousand and one purposes to which alcohol as a re-agent is applied, you shall pay for this pure alcohol a duty of 11s. the gallon; we will tax the toper and we will tax the manufacturer alike." That was British policy. The result was that, as an alternative, our wretched manufacturers were driven to employ spirits of wine, which is alcohol judiciously dirtied, so as to make it unpleasant for anyone to drink, and, I need hardly say, highly unsatisfactory for the production of whiteness and fineness in texture.

Well, our Committee put our heads together when I returned, and I was commissioned to bring the matter up in the House of Commons. I went to the Chancellor of the Exchequer, Sir Michael Hicks-Beach—and I will say that Sir Michael Hicks-Beach has sometimes been

misrepresented; I am not referring to his fiscal views, but I will only say that, in matters of science, when you approached him in the right way, he was a most enlightened and generous Chancellor of the Exchequer. I went to him and I said: "Now I want to move clauses, or to get you to introduce clauses, in your Budget Bill of 1902, which will enable pure alcohol to be got by our manufacturers free of duty." He said to me: "Well, you are a very bold person. I doubt whether it is for the benefit of the Conservative Government to identify it with the cause of free alcohol, but if you like to do so I will consider it on its merits." "Well," I said, "now let us see whether we can agree clauses. If we can, then I think I can undertake that every temperance man in the House of Commons will speak on my side when I move them." And what happened? Sir Michael agreed; I moved the clauses—and presently the temperance party were tumbling one over the other in showing their largeness of mind, and their great desire to prove to the public that, in the interest of the manufacturer, they were ready to give any amount of free alcohol, so long as it did not go down the throat of the British workman.

When Mr Chamberlain gets, as our gifted caricaturist of the *Westminster* suggested the other day, a statue for having given to the people cheap consols, perhaps I may set up my claim for a statue for having helped to get for our people free alcohol for manufacturers. Anyhow, I tell you the story, as showing how Parliament for long left an important industry to be thoroughly handicapped as against the foreigner.

Now the alcohol industry concerns not only celluloid, but an infinity of other things. When you go home to-night to meditate on the fiscal question, some of you may be troubled with sleep-

lessness, and you may take sulphonal. The Germans have had a practical monopoly of such drugs, because they can only be prepared with pure alcohol, and until the other day when we changed the law—and the British manufacturers have not half realised the change yet—you could not get these things made in this country. Perfumes and a thousand things that you bring from abroad, in the way of patent medicines, and scents, and a variety of other articles of personal consumption, these depend upon free alcohol, and that is a thing from which we have been shut out all these years. Now I want to come a little closer home. I have taken that as a first illustration. I am going to take one of Mr Chamberlain's own.

The other day Mr Chamberlain went to Newcastle and made a great speech—indeed, he made two great speeches—and at the overflow meeting, with that courage which always distinguishes him, and which was peculiarly apposite to an overflow meeting, he proceeded to explain why it was that the great chemical industries on the Tyne were suffering so much. "Why," he asked, "should these works, which used to pour out thousands of tons of alkali and bleach, be so stagnant?" He said he would tell them, and he told them that, in the production of alkali and of bleaching powder, there were two processes, the Leblanc process and the electrolytic process, and the alkali, which used to be sold, could only be sold at a profit by reason of a by-product—chlorine or bleaching powder. This he truly said was made as a by-product of the alkali process, and was needed to sell the alkali. "Now," he said, "why has the bleaching powder ceased to be profitable in this country?" And he told the audience, who were listening open-mouthed, that the reason was that the Germans had been dumping down bleaching

powder, and the result was that alkali could not be sold any longer at a profit.

I happen to know a little about the alkali trade, and this is what I find. Mr Chamberlain told the audience of two processes, the Leblanc process and the electrolytic process, but he omitted to tell them—and I am perfectly confident, from the remarkable assertions which he has made in his other speeches, that he omitted to tell them because he did not know—he omitted to tell them that there was a third process called the ammonia-soda process. I hate these long names, but it is not I, but Mr Chamberlain, who is responsible for having brought them on to the stage. The ammonia-soda process is a process by which you make alkali about half as cheaply as you could by the Leblanc process. The Leblanc process was invented a good deal more than a century ago, and like many things in British industry it is highly venerable. One of the great values of the *Times* edition of the *Encyclopædia Britannica* is that if you have it, and if you have the Supplement also, you may see what jumps things have taken. If you are interested in this question I advise you to read the article on acids and alkalies in the old edition, which was published a quarter of a century ago, and then compare it with the article in the new Supplement which was written by Professor Lunge, of the great school at Zürich, who is probably the greatest authority in the world on that industry. You will find there that while in the old days the Leblanc process used to be praised up and put on a pedestal, just as Mr Chamberlain with his old-fashioned, out-of-date ways put it, when you go to the Supplement you are told that that process has been wholly superseded, that nobody who could help himself would make alkali except by the modern

ammonia-soda process, and the only reason they used to make it in the other way was that ammonia-soda did not make the by-product, the chlorine, which was the foundation of the bleaching powder.

The enterprising firm of Brunner, Mond & Co. came on the scene with ammonia-soda; they did not make the by-product, because their process did not give the chlorine by-product, in its final form, and the result was that the Leblanc process had some years of life. Mr Chamberlain talked sadly of the works on the Tyne and the great companies that owned them, and it is true that they are not very prosperous, but Brunner Mond's are, I believe, paying over 30 per cent. dividend. What had happened to the bleaching powder which used to sell the Leblanc alkali? Why, so far from being dumped down, it is being made in this country by a newer process still. Science never stands still, nor does industry; and the electrolytic process which has been for five years in operation in this country, developed by British people, is making such a quantity of bleaching powder that there has been an immense drop in the price of that article. No wonder that those works on the Tyne, with their methods of the eighteenth century, are out of date. How can they compete against Brunner Mond and people who are up-to-date?

As for the German dumping, it is simply ridiculous. I happen to have looked into the figures on this subject, and I find the export of bleaching powder from this country in the year 1902, including all sorts of processes, modern and old, was 45,000 tons, whereas the exports from all Germany were only 29,000 tons, of which only 8000 came to England—I do not know how much of ours went to Germany.

Now I ask you whether that argument of Mr

Chamberlain's is not well nailed to the counter. How are we to rely upon the reasoning faculty of a statesman who comes deliberately and talks this kind of nonsense, for nonsense it is?

Now, if I am not wearying you, I want to take another case. There is no industry over which we have more cause to weep, in this country, than the coal-tar colour industry. Coal-tar may seem to you a disgusting subject, but my eye, roving about this meeting, catches no end of varieties of the beautiful colours that have been developed from coal-tar. Coal-tar is the source of the very finest dyes that we have got nowadays, and the sad thing is that the coal-tar colours with which the Germans now supply the world were discovered by an English chemist, Perkin, were first made in this country, were for long made out of British coal-tar, to be bought by the largest consumers of them in the world, the British dyers. It is indeed a melancholy tale. The coal-tar industry has completely broken down in this country. Between 1858 and 1872 we were the largest producers. In 1890 the exports from England were £192,000; in 1902 the exports from England were £203,000. But the imports into England of this British invention, which has passed to the foreigner, have increased from £594,000 in 1890 to £1,087,000 in 1902.

Well, what happens is this. Our own coal-tar goes out—you will see it in the Board of Trade returns—to Germany in great quantities, and it is there treated by the big chemical firms in such a fashion that we cannot compete with them at all. Perkin discovered mauve—I am sorry to say the colour mauve has disappeared from fashionable circles. Magenta, which followed, was, I think, a French discovery, and that also is not so popular as it was.

But the Germans have discovered a whole variety of new colours. Instead of using madder root any longer they substituted alizarin. They have produced yet other things which are terrors to British commerce. When last I was in Berlin I was struck, in walking through the streets, with some big chimneys I saw, towering above the buildings, in what seemed to be the academic part of the town, and I asked the friend with whom I was walking: "What factories are those?" Being a German with pride in his Fatherland, he said: "Why, you are looking at the chimneys of Professor Fischer's laboratory, where they are making all sorts of discoveries, and among them how to develop this artificial indigo which is to ruin your Indian indigo trade." Well, so they are. Germany is exporting indigo, artificially made, in such quantities, that one of the great industries of India, a substantial item of her prosperity, is in great peril. Why did we not set ourselves to deal with the problem of artificial indigo? While many of our chemical works here are paying little or nothing at all, the big firms in Germany, the Badische Analin Company and the Meister Lucius Company, have been paying steady dividends of 24 to 26 per cent.

In the German trade there are employed some five hundred first-rate chemists; in the English coal-tar trade there are employed some forty chemists. I have here the words of one of the first experts on the coal-tar industry in this country, and this was what he said last year: "I have been connected with the coal-tar trade for the past twenty years, and I can assure you that we are as far behind to-day as we were twenty-five years ago." And that while these other people are going on! But it does not stop there. There is a whole variety of industries con-

nected with chemical processes which have to live, if they are to live at all, in the same fashion, the fashion, namely, of constantly making advance. If you do not make advance you are done. As Professor Ramsay, than whom nobody knows better the working out of these things, said, in his evidence before the Committee which the Technical Education Board of London recently appointed to consider these things: "Every one of these industries, and especially every new development connected therewith, depends for its prosperity on progress being made; when a special manufacture ceases to be progressive it dies."

Now the story of the coal-tar colour industry in England is a sad tale, but it is a tale which contains a moral, because it indicates the only way in which these things can be remedied and dealt with. What good would protection do you against the German chemical industry? Why, only the other day I heard of a manufacturer who declared: "I can send goods to the China markets in competition with foreigners, and a difference of the sixteenth of a penny would destroy me, and if I have to pay higher rates for my colours, instead of getting them cheap and good from Germany to-day, I shall be cut out of that market." These colours are raw materials of industry. Well, I deplore the fact that we should have to go to Germany for these things, of British invention, coming out of a British product, selling in the British market. But I do say to you, that it is your own fault that it is so. Why, you have taken no trouble to give those a chance who might become the men of brains, the men of training, who would deal with these industries. The whole condition of the chemical trade in this country is deplorable. There are some very clever and able men who are abreast of anybody, but they are the minority.

Your average manufacturer takes no steps forward. He does not even care about scientific things, and the result is that we are at an enormous disadvantage, compared with America, with Switzerland, with Belgium, with Germany, and even with Holland. There are other industries in this country which are in a different position, but these industries, that group of industries, is largely behind.

The other day I had occasion to look into the work of one of the few first-rate things of the kind we have in this country—the National Physical Laboratory—an institution which for its size compares well with what they have abroad. The business of the National Physical Laboratory is to make those fine investigations which our manufacturers cannot make themselves. Not very many of them apply to the men of science, who have organised that laboratory, and who work it for their assistance, but there are some who do, and the problems which are investigated there are problems of a very high order, and with a close bearing on certain of our industries. The work done is of a kind which you cannot compass by any amount of private skill.

We have got that one little institution, which was founded only a few years ago, and on which we spend four thousand pounds a year. Why, in Berlin you have the Reichsanstalt and another group of institutions which do the sort of work that our National Physical Laboratory does. On these the German Government spends forty thousand pounds a year. What is the work of these bodies? Just of the high scientific kind that I described to you in the case of the cellulose industry, only they are organised by the State and not privately. These institutions solve the problems which the private manufacturer cannot solve, has not

got the ability or the resources to solve for himself. There is, so to speak, placed at his elbow, on the payment of a small fee, the means of getting his special problems worked out. Well, I think it is simply deplorable that in this country we should be talking about all sorts of ways of propping up old and decaying manufacturing methods and not taking the way that stares us in the face.

I am not very fond of going to foreigners for examples as to how to conduct things here, but occasionally one can get a lesson from foreigners. It is not only in Birmingham that they are studying the German protectionist economists at this time. I happened to find a passage in the writings of Friedrich List, who was the founder of protection in Germany, the man whom Bismarck was so fond of quoting, and on whom the disciples of Mr Chamberlain so much rest, and, coming from the chief apostle of protection, it is a very remarkable passage. Comparing the case of his own country, where he held that he was advocating protection for the assistance of nascent industries—rightly or wrongly we need not discuss—with the case of countries which had already attained to a high industrial standard, this is what he said: "A nation which has already attained manufacturing supremacy can only protect its own manufacturers and merchants against retrogression and indolence by the free importation of means of subsistence and raw materials and by the competition of foreign manufactured goods." Ah! that is indeed true of our industries to-day! Do you wish to have these old antiquated processes stereotyped, those processes which are putting us at a disadvantage with every foreign competitor? If so, bolster them up with protective duties, which will shut out the whole-

some and beneficial competition of the foreigner outside, who to-day under Free Trade sends us goods which are paid for by new and modern manufactures made in this country to be exchanged for the imports which come in. Do you wish to stop the progress of these new industries at home, and the development of their methods? Then put on such duties as will shut up the unfortunate British consumer to the purchase, at high prices, of the old-fashioned dear goods made by the old inferior methods. Ah, never in the course of our history did we, in this country, need free trade more than we need it to-day. The stimulus which it gives goes to our very life, to the very heart of our energy, and I for one look upon a proposition to substitute the deadening drug of protection for the energy and the life which alone can come from improved methods and from improved education, as something little short of disastrous.

Well now, you will say, What would you do, if you were free to do it, as a practical measure to get rid of our shortcoming? I will tell you. The change will take time, but I would in the first place begin by adding, in the interests of economy, a million to our estimates for Higher Education. I would commence my work by putting life and good heart into every University, College and Technical School in the country. I would show them that we appreciate them, that we look upon them as national institutions on which we rely, that we see in them the source of an energy and zeal which may permeate the whole of their industrial surroundings. I should set to work to develop institutions like the National Physical Laboratory. I would increase that kind of research work. I would take every step that would interest the manufacturer in the application of science to his

industry, and that would stimulate him to send his son, who had to do the work of the future, to get such an education in the science of his industry as was essential for the conduct of it on modern lines. And above all I would take care that these things were done upon the basis of a really first-rate and thoroughly sound general education.

[A voice: "With one million?"]

There is a gentleman there who seems to be ambitious that we should start at once with two millions. I do not desire to damp his enthusiasm. I have been busy over this subject for some years, and I know pretty well what I could do with two millions, if I had them to add to the estimates for this purpose. I would make things go even better. But just as Mr Balfour has made a provisional arrangement with Mr Chamberlain, so I will compromise provisionally for one million, with the hope of going on to two a little later.

We are moving, but we are not moving half as fast as our neighbours are moving. I was shocked with some things I read in the reports about the Paris Exhibition, where I found that the German chemical industry was valued at no less than £47,000,000 per annum to-day, and that the source of that great revenue was put down to the moderate but careful expenditure which had been judiciously made on technical schools and on technical education in that country. We have got a lot to pick up in this country. It will take us years to do it, and therefore let us begin at once! Let us put aside all this nonsense about protection, let us demand fresh air and open every door and every window, and get the life into our somewhat sluggish carcases. Let us set at once to work and do something which will give us at least a chance of showing the vitality which our neighbours are showing.

Do not take me as being in any sense a pessimist. So quick is the power of our people to recover themselves, so great is their energy, that I believe that, given a fair chance, the inhabitant of these islands is not to be beaten anywhere, not even in the United States. But you have got to give him a fair chance. So much for education.

But then there is something else that has got to be done, and that is, that you have to assist the position of the British workman. Now the British workman is in some respects one of the best types of our citizens, and in other respects he is somewhat deficient. He is the industrial unit, and, unless the industrial unit is efficient, the life of the industrial organism cannot be in a good or healthy condition. That horrible drink bill of 150 millions is a drag on our industries. The bad homes—the dragging-down influence of the submerged tenth—these hinder also. Yes, and there is a third thing which one has to say frankly, and that is that I should like a little more understanding of industrial problems on the part of certain of the trade unions. Some of these are very good; others pull back. I believe the best of them pull forward, but the worst of them have pulled back in the past. And we have to bring the trade unions into line, just as we have to bring the manufacturers into line, in this matter.

There is yet another thing. We have not got a real Ministry of Trade and Commerce in this country. We have got an old-world organisation in place of one that needs to be very good indeed. Our Board of Trade has some very distinguished men connected with it, but it does not have a proper chance. The Ministry of Commerce in this country ought to be one of the biggest Depart-

ments of Government—perhaps *the* biggest in a nation such as ours.

When you think of the problems which affect the Empire most closely, is it not a scandal that our Board of Trade should have such limited functions? When you think of the problems connected with railway rates, and still more with ocean transport—because, if you are going to bring the Empire close together, you must improve the means of transport, and do what you can to vanquish time and space—when you think of the limited powers and the duties which are cast upon the only substitute which we possess for a real Ministry of Commerce, one cannot help having the impression that there is a good deal in the machinery of Government which requires putting right.

And last of all, there is something which I have got to touch on, and that is the constitution of the Empire as a whole. Mr Chamberlain has told us that there is nothing that can be done as an alternative to his proposal. Some of us hold, on the contrary, that the Empire subsists not by reason of any bonds, whether of iron or of gold. The Empire subsists, not on any artificial basis, but by reason of common interests, common traditions, common purposes, which hold us and our fellow-Englishmen across the seas together. That is the real source of the unity of the Empire. And if you wish to strengthen the unity of the Empire—and I desire to strengthen the unity of the Empire—you will strengthen it best by developing these common purposes, by recognising these common interests, and by giving the instinct, which I believe to be innate in our race, a common channel into which it can flow. But these things must happen naturally.

Look at our position to-day. The peoples who

form the component parts of this great nation do not find themselves in an equal position as regards their share in government. The other day there was a great treaty negotiated which resulted in a reference to arbitration of the question of the Alaska Boundary. Now I do not doubt that our Ministers did the best they could, but in Canada there has been a feeling which I hope and believe by the good sense and reasonableness of all concerned will presently abate. There has been a feeling that the interests of Canada were too little considered in the arrangements for the arbitration. Well, but that would not have been so if, in the preliminary deliberations over that treaty and in the advice which was given to the Crown before it was signed, the Canadians had had a more direct part. I am not suggesting that Canada should have made that treaty by herself; I think that would have been impossible; but I do think that the Sovereign, in taking advice, might have taken the advice not merely of the British Cabinet, which is limited in its origin to the electorates of the British Isles. The Sovereign might in a better state of things have taken the advice of a Council which would have more nearly represented the Empire as a whole.

Now there is a body called the Privy Council which has to-day no very serious functions. I happen to be a Privy Councillor, and I believe I am not violating my oath, which is to keep the King's secrets, by telling you that I have no secrets of the King's to keep. But there are two Committees of that Council which have got life and vitality in them. The one is the British Cabinet, which as I say depends on what the electors in all these islands think; and the other is the Judicial Committee of the Privy Council, which advises the King in the adminis-

tration of justice. The first of these Committees appears to me to rest upon too narrow a basis in so far as it is summoned to give the King advice about Imperial affairs. You will always preserve the power of the British Cabinet so long as you in this country are mainly responsible for Imperial finance; you will always have the final control so long as you have the power of the purse. But I know no reason why there should not be joined with the British Cabinet in giving advice upon matters which concern the Empire as a whole, men, members of the Privy Council, and constituting a special Imperial Committee of the Privy Council, who would represent the distant Colonies, who would represent those great self-governing dominions of the Crown which lie at a distance. I know no reason why, if the Cabinet has to give the King advice about affairs which are distinctively Imperial, you should not bring in and join with your ordinary Cabinet an element of that kind, and so give a new sense of unity of the Empire in the Councils of the Crown. Mr Chamberlain says there is nothing else to be done than what he is now proposing. I want to know what he says about this possible use of Colonial representatives in the King's Privy Council.

Take another side of it, the other Committee. The supreme tribunal of the Empire is at the present moment split into two—the House of Lords that deals with the appeals from England, Scotland and Ireland; and the Judicial Committee, which consists in the main of the same people, only sitting in a different and less august place, and with the Lord Chancellor despoiled of his wig. The same people in the main go over the way and sit up a back stair in Downing Street as the Committee of the Privy Council which advises the King as the ultimate

Court of Appeal for the Empire. Now surely that is an anomalous thing; it gives the Colonies the feeling that they are not being fairly treated, because as a matter of fact the judicial strength tends to flow to the House of Lords and away from the Committee of the Privy Council. I have been a student of those matters for close on twenty years past, and I have watched with dismay the extent to which the Colonies are getting more and more restive under the existing constitution of the appeal to the Privy Council, and the little that we are doing to make things better.

Mr Chamberlain is no doubt a very efficient Minister in other respects, but on him rests the responsibility, and it is well that it should be understood that it is so, of having let the first gap, the first break, take place in this link which holds the various parts of the dominions of the Crown together. When the Australian Commonwealth Bill came before the House of Commons the Australians proposed that there should be no appeal on their constitutional questions to the Judicial Committee of the Privy Council. Some of us who watch these matters warned Mr Chamberlain publicly beforehand that unless he set about reconstituting the Supreme Court of Appeal of the Empire, unless he brought the appellate jurisdiction of the House of Lords into one with the appellate jurisdiction of the Privy Council, there would be a tendency to break away on the part of Australia, who was restive under the sense that she was not getting full attention. But I suppose Mr Chamberlain's mind was taken up with other matters. Anyhow, he did not do anything, and the result was that notwithstanding brave words which he began by uttering he had to give in, and because he had made no preparation for the event there came a breach in the continuity which had existed up to that time, and the

Australian Commonwealth Act was passed by the Imperial Parliament in a form which provided for the withdrawal from the Supreme Authority of the Crown of a part of its old duty of adjudicating upon these high matters. Now that is the kind of thing which comes in from want of forethought and foresight; it is just the sort of thing which we have seen in the preparation for the South African War.

I want a little more method put into these constitutional questions. I want to see these things fully considered; I say that these four items which I have put before you to-night, the items of education, of the social programme, of the improved ministry of commerce, of the improved constitution of the Empire, I say that it is good work, ay, and ample work for the great Liberal Party to do, if it will only buckle itself to the business.

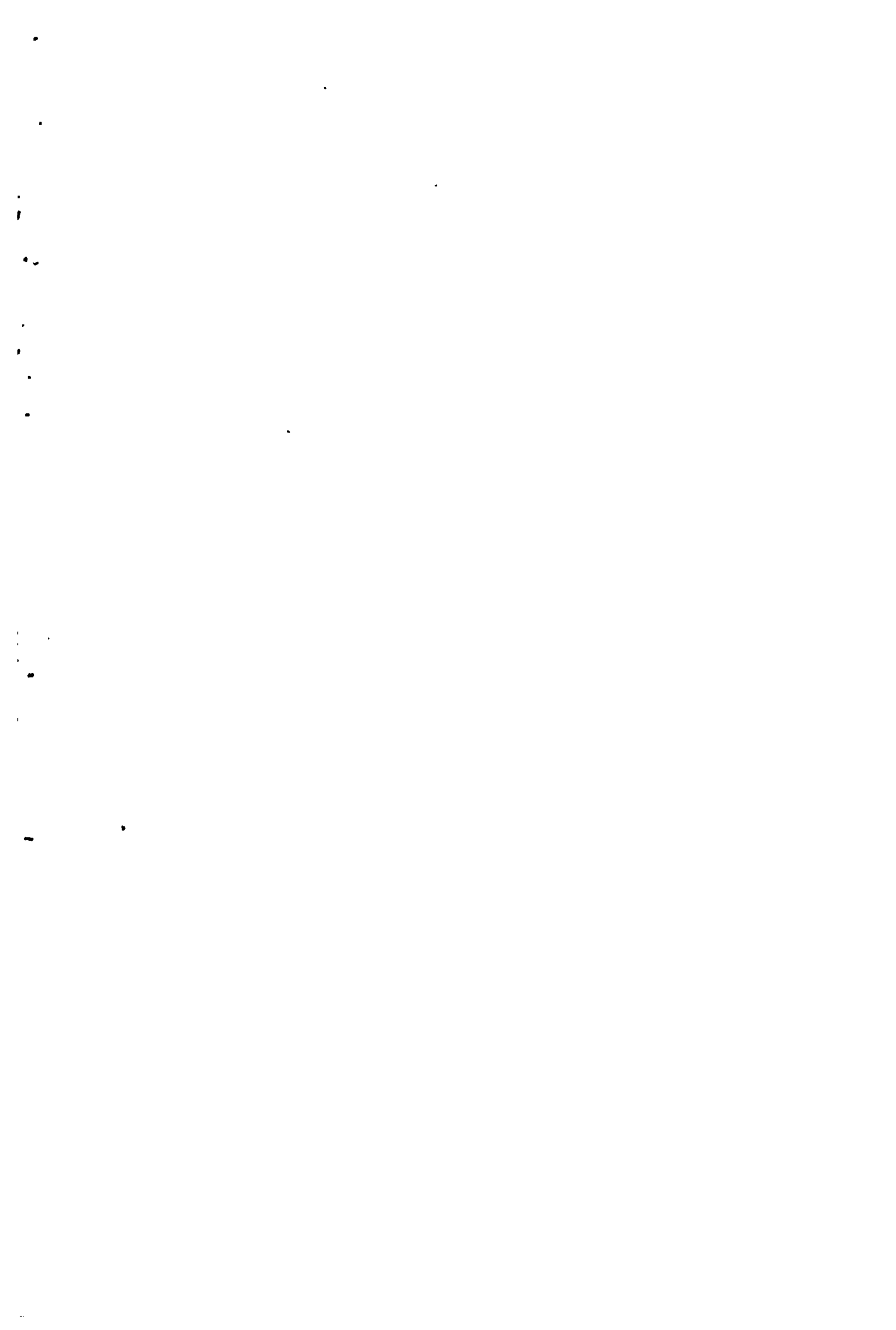
And now, ladies and gentlemen, I have detained you long and I have done. We have to deal with this situation from two sides. We are the centre of a great Empire, an Empire which has grown up, which has not been made by artificial interference from without, which is held together on the basis of sentiment, of common interest, of common history, of common blood. Let us beware how we tinker with the basis on which it has hitherto rested. Let us be careful how we try to substitute rigid bonds for the freedom which has existed until now! And if those of us who have gloomy anticipations about this matter be right, and these fiscal proposals in the end lead to friction between the Colonies and the United Kingdom, then, indeed, the man who brought them forward will have done but an ill service to the cause of Imperial unity.

I have shown you that some of us at least do not

admit that our minds are barren as regards an alternative policy. Turn once more to our case at home. These little islands with their Free Trade system stand to-day in a position of unexampled prosperity. About the cause I do not dogmatise. I will not put our prosperity down wholly to Free Trade, but I do dread that the result of a great fiscal change of this kind may be to relegate us to a position in the competition of the world which will be measured by our population, by our territory compared with those of other nations. We are small, they are great. Yet we have the greatest trade that the world has ever seen. We are the centre of the greatest empire that the world has ever known. Forty-two millions of people with 120,000 square miles of territory are the focus for 400 million people, with 12 millions of square miles of territory. That is a portentous example unreached by anything to which you can look in history. Are we to depart hastily, and at a few weeks' consideration, from the principles under which that has grown up? I, for my part, would ask you, before you take this leap into the unknown, to pause. It concerns you; it concerns your Empire; and it concerns your homes.

In the year 1841 an event took place which is recorded in Mr Morley's *Life of Cobden*. John Bright was at Leamington. He had just lost his young wife, and he was in deep distress; and Cobden went to him and said to him, "There are thousands of mothers and wives and children at this moment in misery under the Protectionist system of this country; rise up out of your grief; go with me, and we will deliver them." They did deliver them. And now we have Mr Chamberlain at Birmingham telling us the other day that these times have been misrepresented, and that things were not what the historian has represented them as having been.

Let us consider well before we take this leap into the unknown. Let us see to it that we follow our own best instincts; our own best traditions of freedom and of liberty. Let us without twist and without bias, without looking to the right or to the left, pursue the path that reason and interest alike dictate to us, and not for a moment abandon ourselves to misgiving about arriving at the goal.



MISCELLANEOUS

MODERN LOGICIANS AND ECONOMIC METHODS

An Address Delivered before the Scottish Society of Economists at Edinburgh, 20th October 1905

The close of the nineteenth century was remarkable for certain changes in modes of inquiry which attracted much attention. It was a time in which the standards of exact knowledge had risen. Research, both in science and in scholarship, had progressed greatly, and the sum of knowledge had greatly increased. The necessary equipment of the specialist had grown enormously, and he was a bold man who ventured to publish any result of research without having given years to his work. The days of Lord Brougham have passed, apparently for ever. Even in the field of popular science the altered attitude is apparent. The recent address at Cape Town of the President for this year of the British Association contrasted notably with that of Professor Tyndall, delivered at Belfast on the same topics a generation earlier. That of 1905, like the address of Mr Balfour, the President in 1904, was characterised by caution, and by the sense of the relativity and limits of knowledge. No wise man thinks to-day that he knows a great deal even of what is knowable.

But heightening standards of thoroughness in research and of care in generalisation are not the only

changes which the close of the nineteenth century witnessed.

Men have come to realise more definitely than ever before the value of critical examination of the ambit and validity of the conceptions or categories under which generalisations have to be made. They see more clearly that the uncritical adoption of a defective point of view inevitably leads to distorted observation. They grasp the fact that even in using the balance and the microscope hypothesis cannot be wholly excluded, and that false hypothesis is the creature of inadequate conception. And this has led to a closer scrutiny of the nature of scientific method and of logical inference. The subject is necessarily abstract and elusive, but the last twenty-five years of the nineteenth century witnessed great advances. The work was taken up at the point to which John Mill had carried it, and was re-done with much more minuteness and a larger understanding of the real nature of what had been already accomplished by Aristotle and by the German critics of the beginning of the century. The researches into the nature of logical processes and scientific method which have been made by writers such as Lotze and Sigwart in Germany, and by Bradley and Bosanquet in this country, have lifted our knowledge to a higher stage, and have displayed the increased care and caution which accompanies heightened knowledge and is characteristic of the new period.

Modern views of the science of life illustrate what I mean. No competent physician any more treats the living body whose diseases he has to cure as if it were a machine. He recognises that this body is no mere mechanical aggregate of molecules of different kinds,

capable of being displayed in its real nature under the categories of physics and chemistry alone. He rejects the notion of it either as a fortuitous aggregate or as an aggregate controlled and held together by a separate vital force. For he sees that the doctrine of the old vitalists is just as mechanical as that of the modern physicist, and is, moreover, incapable of being fitted into the results of modern physical science. These last results he accepts. But he pronounces them to be a wholly incomplete account of the actual biological and physiological facts before him. They are true, but they are not the whole truth. The geometer is entitled to assume perfect circles and squares, although there are none such in his object world. The value of his abstract and unreal constructions is that they enable him to isolate certain very general aspects of quantitative existence and to determine the principles under which these aspects obtain. In isolating these aspects he constructs not actual pictures but abstractions—abstractions which he is careful to say represent certain necessary ways of regarding reality, but not all the necessary ways, and much less reality itself. He tells us that it is from ignoring this truth and confounding abstractions with reality that we fall into such contradictions as appear, for instance, in the old puzzle of Achilles and the Tortoise. The scheme of the geometer is thus true, but not the whole truth. Moreover it is wholly inadequate to a world to which colour and morality and endless other phases belong as equally real with the relations of space and time. So with the physicist. His matter and motion are abstractions in which the rich world as it seems in all its fulness is reduced to homogeneity, in order that it may be made capable of quantitative treatment. When the abstrac-

tions are taken as realities they lead us inevitably into paradoxes and contradictions as great as those which the pure mathematician has to explain as the necessary outcome of his special abstractions. For the physicist a whole can never be regarded as having any other meaning than as an aggregate of units external to and independent of one another. Now let us see whether this conception, useful as it is to the biologist in so far as he has to employ the methods of physics and chemistry in many stages of his work, is sufficient for what is characteristic of biology. Plainly not. The biologist's fact and point of departure is the living organism. And this confronts him as a whole which develops from birth to death, *quasi*-purposively, if not purposively. It passes through stages in accordance with the principle or law of its kind. It is no mere mechanical aggregate of molecules. On the contrary, its molecules are always changing and its very nature is that it preserves itself as identically this organism amid the metabolism of its material. What is characteristic of it as real is that it acts, not under physical causation by external forces, but in fulfilment of an end, the progressive realisation of which throughout the course of its development from birth to death is that in which its identity lies. It is more like an army of soldiers or a community of citizens than a machine. It differs from these, indeed, in so far as *their* purpose is consciously pursued, but like them its character as a whole is incapable of adequate or true description in terms of mechanical relations. And this the modern physician and surgeon are, as has often been pointed out, more and more compelled to realise. The living body has mechanical aspects in accordance with which the knife is applied. But the knife is applied subject

to recognition of the principle which is not mechanical, that the wound may heal and the skin grow again. Moreover, the living body is like a community where the obligation of mutual help is realised. Other parts take on the functions of the part which is destroyed. These and many other facts illustrate the gulf which separates the sciences of life from the sciences of mechanism. Yet the gulf is only unbridgeable when we try to get rid of one set of categories by reducing it to another. The methods of knowledge are complex, and in every department we require many categories. No science can be pursued with one only. The real world is everywhere many-sided, and some of its aspects are more generally present than are others. Quantity, for instance, as the simplest point of view which admits of difference and system, is, unlike the higher categories, almost everywhere applicable and valuable in giving us clear knowledge. Only we must remember that when we pass from the region of the science of pure quantity into some different region, the science of which is primarily concerned with other conceptions, we are dealing with abstractions which are useful stepping-stones, but can afford us no complete or even adequate pathway to reality. There is therefore a great temptation to error against which the specialist has to guard himself. Every science tends to regard its own abstractions as more than abstractions, as exclusively descriptive of the real world. If we are aware of what we are doing we may probably make use of the category of quantity in almost every department. What we have to guard against is its exclusive use and an uncritical assumption of its adequacy to the particular phase of reality with which we are dealing. It is not only in physical science that the notion of quantity is

a snare. Materialism is no worse a fallacy than is that of the theologian who represents God, not as immanent, but as a numerical Other, as a Cause, for instance, outside in space. The old canons of criticism as displayed in the requirement of the unities in the drama, the vulgarity of relying merely on size or gaudy colour in art, the extravagances of the sensational novel, these and the like illustrate the misinterpretation of the real which results from undue magnification of the office of quantity. All science proceeds by abstraction; all abstraction takes place by exclusive attention under the guidance of particular conceptions or categories: a sufficient criticism of categories is therefore indispensable in the search after truth.

Let us now look at the bearing of these preliminary observations on the science of political economy. It has been said that while statesmen are arguing, love and hunger are governing mankind. That is true if it means that love and hunger stand for potent desires to satisfy wants. They give birth to tendencies—tendencies which, just because they are more or less the tendencies of every individual, are everywhere operative. Therefore, if mankind is taken in the mass, love and hunger form data from which action can be predicted. But such action can be predicted only partially even in the case of the mass, and hardly at all in the case of the individual. For the wants and the motives of the individual man, and even of the individual race, are infinitely various, both in character and in power. The tendencies which would swiftly disclose themselves if love and hunger were the only motives become overlaid by other tendencies. The influences of law, of morality, of religion, of custom, of patriotism, may counter-operate

in the most potent fashion even with great masses of men and women; and the further civilisation removes people from the simpler life of the brute creation, the more abstract and inadequate does the point of view based on love and hunger become. The living organism is never wholly withdrawn from the sphere of external causation, and even the physiologist must always, in a large measure, employ the methods of the physicist and the chemist. Abstract as are his methods they always yield a part of the truth even about the individual case. They indicate more than mere tendencies or probable results. But in the region of mind—of which freedom to choose is the essential feature—that is not so. Even with large bodies of people of the same race calculations based on love and hunger will only yield probable results —results that can be counted on only if a wide area of space is taken as the theatre, and a long tract of time is assigned for the working out of the drama of human action. It cannot be too strongly insisted on that political economy, if it be a science based on the operations of love and hunger taken as merely animal impulses, can never be more than a science of tendencies. This fact does not detract from the utility and necessity of its methods, if these are properly understood. For its methods possess a title based on the extreme generality of the motives which they assume as governing. They are analogous in this respect to the sciences which are based on the categories of quantity. The living organism stands in relations of quantity, although these are not the whole truth about it. We have no reason to doubt that its action is strictly in accordance with the laws of the conservation of energy, although that action is everywhere determined *quasi*-purposively by the whole which realises itself in

the members and is not external to or apart from them, while it yet conserves itself in the course of its development amid the metabolism of its material. There is no conflict, no inconsistency; only a larger reality than that to which the methods and conceptions of the physicist are adequate. And so it is with the citizen in his state. His life is larger and fuller than the life which is governed by merely animal tendencies. No method based merely on animal tendencies can adequately estimate his course of action. And yet the animal tendencies are there, form part of the reality, and are taken up into the larger civil and ethical life which is their truth. The law forbids the hungry man to steal food and provides for him otherwise. Marriage arises on the basis of the sexual instinct. The higher does not negative the lower. It arises out of and absorbs it in a larger whole. The justification of economic methods rests on the generality of the tendencies with which they deal, not on the adequacy or exclusive truth of anything based on these tendencies alone. Of course, I am aware that to treat political economy as solely concerned with the consideration of such forces as those of love and hunger is to take an unduly narrow view of the science. Its survey is not confined to these motives alone. It deals with the phase of social life in which the citizen appears as struggling to make a livelihood or to preserve and administer his property. The system of industry and of business which is thus involved may be very complex, and far removed from the primitive conditions in which all that was in evidence was the satisfaction of simple wants. The state, the community, the common rule, the organisation of intelligence, all play their part in it. But what is characteristic of this standpoint is that it

excludes the contemplation of ends and aims which do not belong to the sphere of calculation and self-interest. The set of tendencies thus brought by abstraction under exclusive scrutiny is a very real one. It can no more be ignored by the moralist, the jurist or the churchman than can the tendency to reduce to quantitative and mechanical formulæ be ignored by the biologist. The tendencies in question, though checked in widely varying fashions in individuals, operate when the question is of the action of great masses of mankind. They are not the only great tendencies that operate. Religion and patriotism operate at times at least equally powerfully. But the method of political economy, like its prototype, that of the geometer, enables highly complex appearances to be reduced to principles in a fashion which casts light on the probabilities of the future, as well as the significance of the present. The only danger of such a method is that, as in other cases where abstractions have to be made use of, those who employ it sometimes forget that it is compelled to take a partial, and to that extent unreal, view of the concrete riches of human life in society. But it is not really materialistic, for there is no true gulf between the phases which it isolates and other phases of the human mind. Neither in their nature nor in their mode of impulse can what are called economic facts be marked off into a region by themselves, where they stand in antithesis to other motives of action. Human nature is really one and indivisible, just as the living body is not the less a living body because it conforms to the principles of the conservation of energy and the indestructibility of matter. Politics cannot be reduced to physics, but it is a false abstraction that establishes a gulf between the two worlds. Now it is

just because of this false abstraction and its refusal to recognise frankly the full reality of the world as it seems that political economy has got the name of the dismal science. There is really nothing more dismal about it than there is about any other science which seeks to obtain accurate knowledge of facts and to arrange them in an order. After all, it was Mephistopheles and not Faust himself who said to the student: "Grau, theurer Freund, ist alle Theorie, Und grün des Lebens goldner Baum."

Theory in some form comes and must come into every department of life and practice. It is not only of economic science that it is true that its theories are good servants but bad masters. Of their value when applied with the due caution which comes from a proper knowledge of their limits there can be no doubt. They enable us to take a far wider survey of the whole than would be possible without them. But we revolt when they are set up as the exclusive tests of what is real, in what was apparently the spirit of Marx and of Buckle. We feel that such writers take as narrow a view of the origin and significance of human society as did Voltaire and his school, of Christianity. Here as elsewhere the historical method has been a sure corrective.

Consideration, then, of the true nature of economic method seems to show that in its broad features it is no more open to criticism than are the methods of mathematics and physics. All three are abstract, in the sense of shutting out, in order to gain clear knowledge, all aspects which are not relevant to the immediate purpose. All three are therefore confined in their results to strictly limited views of the concrete reality which is of the essence of experience. And what really distinguishes

economic method from the other two is that, as I have already pointed out, it is concerned with a set of motives which, however generally operative, are never the sole motives of conduct. It is therefore, in a sense which is not in the same fashion characteristic of the others, a science of tendencies only. It is no doubt true that some of the greatest economists, recognising this, and being desirous of redeeming their silence from the reproach of taking account only of partial truths, have imported into their treatment of current problems other considerations. Adam Smith's defence of the old Navigation Laws is one instance of this. But however valuable such excursions have been in recalling students to a consciousness of the limited character of the inquiry on which they are engaged, it has generally happened that some confusion has been the result. Even so great a writer as Friedrich List leaves us in doubt as to what he is really about. A system of national political economy such as he elaborated is most valuable when it is offered in express terms as an example of the necessity of applying the historical method in accounting for particular institutions. This has been done with greater clearness by his successors, and notably by the modern historical school represented to-day in Germany by Schmoller. But what strikes one in their work is the extent to which they are forced to travel into the problem of how economic principles must be qualified by other considerations, which vary with each country and generation, when policy has to be framed. Their researches are necessarily of an hybrid character, not the less valuable on that account, but by no means to be taken as superseding the methods of the older economists. We may think that Ricardo and Jevons went too far in insisting on rigidly laying down abstract

maxims of practice without looking to right or left. But at least they taught men to think clearly, and their books are admirable illustrations of the strength as well as the weakness that is characteristic of every kind of scientific method.

In the address recently delivered by him at Cape Town, as President of the Economic Section of the British Association, Dr Cunningham seems to me hardly to do justice to this truth. Speaking of the classical economists he says that they were "so much absorbed in the mechanism of exchange and the mechanism of society that they failed even to recognise that it was essentially organic." "As has been well said," he goes on, "the classical economists belonged to a pre-Darwinian age. We differ from them in our whole view of life and of the ends of life, in our whole mental method as well as in our possession of the practical experience of the last sixty years." With deference to Dr Cunningham, and to Mr Garvin whom he quotes, it is probable that the classical economists knew pretty well what they were about. Dr Cunningham criticises Jevons's definition of economic method on the ground that it assumed that human nature is much the same all the world over. "The laws of political economy," says Jevons, "treat of the relations between human wants and the available material objects and human labour by which they may be satisfied. These laws are so simple in their foundation that they could apply to all human beings of whom we have any knowledge." No doubt there are many different motives in the human mind, motives which vary with place and with time. Of course, the method is abstract. It can deal only with tendencies and probabilities — probabilities which become certainties only when a wide-enough area is

surveyed. But if the method is abstract, and fails to take account of aspects which Dr Cunningham somewhat inadequately classifies as "organic," how is it less defensible and necessary than that of the physiologist who employs the methods of physics and of chemistry in his investigations of the behaviour of the living organism? Just as the physiologist thereby can gain clear knowledge which enables him to predict that behaviour in certain aspects, so the abstract standpoint which the classical economist resolutely adopts for the sake of the clear ideas which he thereby attains enables him to warn statesmen of the tendencies of certain lines of policy. All that we can legitimately require of either is that he should remember that his method is abstract. We may fall into confusion if we think that his results have been superseded.

Now I do not suggest that Dr Cunningham himself imagines that the characteristic categories of the old economists belong properly to the lumber-room. But during the two years which have just gone past a good many people have written, and still more have spoken, in this strain. And I wish to observe that those who have done so have hardly proved themselves as emancipated and enlightened as they seem to fancy. They have only displayed confusion of thought about the true character of economic method, a confusion which, as I have already pointed out, is to-day hardly excusable in view of the light now thrown on the real nature of scientific method by modern logicians. It is difficult to see how there can be any science of economics which is not based on abstractions such as the so-called classical economists deal with. The materials which writers like List and Schmoller work up into a National Economy—in the sense of an economic study of a

particular nation—belong to that particular nation. They are doubtless of great value to the statesmen of that nation, but they have little bearing on the practical problems of any other. Each country must be profoundly affected in its economic policy by its history, by the nature of the institutions which have grown up in it, by strategic conditions such as those which affect a military nation like Germany, by its geographical position, and by a multitude of minor circumstances of which statesmen must take account, and of which economists must take note before drawing practical conclusions. But considerations of this kind vary in every country and with every age, and they can neither form the basis of any general science, nor supersede the investigation of the broad economic tendencies which determine the action of mankind generally. No one has known this better than List and Schmoller themselves, for they are constantly reminding us that they are writing for Germans and not for Englishmen. It is easy to cite passage after passage from the former especially, in which he intimates that if he were dealing with England his conclusions would probably be those of a Free Trader. He intimates clearly that his inquiry is not one of general application, but is limited to a country in the position in which Germany was when he wrote, and that he is not laying down general doctrine, save in so far as he protests that the reasoning of such writers as Adam Smith cannot, in his view, be applied without qualification to nations at the stage of merely partial industrial development. He may be right in insisting on this qualification, but even if we admit it to be true, it affords no argument for applying his reasoning to other cases. All it establishes is, that the circumstances of each country must be

examined, and that reasoning by analogy is attended in this kind of investigation with peculiar danger. In point of fact those elements and tendencies, which are everywhere and at all times operative, and which form the only materials of the economist properly so called, are not sufficient for special inquiries of this character. It is, on the other hand, not less true that no economic principles of world-wide application can be established on a survey of circumstances which are different in the case of each country, and vary indefinitely as generation succeeds generation. Perhaps this is the real reason why the majority of economists have ranged themselves against Mr Chamberlain in his recent campaign. So far as they were concerned, his proposals might be right or might be wrong in so far as they formed part of the programme of a statesman, dealing with an empirical question of the practical politics of the moment. The argument under that head they were at all events disposed to leave to others. What they resented was the suggestion that the principles and methods of *their* science could be invoked in support of conclusions which were wholly foreign to it. Nor were they better satisfied when some of Mr Chamberlain's supporters suggested that the methods of economic science were antiquated and stood in need of revision. Nothing, they replied, stands still in this world of change—not the results even of the most abstract science. But no science can be safely applied to aspects of a subject-matter which lie outside its categories. To forget this is to fall inevitably into confusion of thought.

My purpose in this address has been to recall attention to the real character of economic method, as following from the consideration of scientific method generally, and the light which the investigation of the most modern

developments of logic has cast on it. In so doing I have sought to show why it is that the science of political economy has been called dismal, and how the reproach rests on a misunderstanding not less than would be a similar indictment of the laws of digestion and of sanitation. To me it seems that the last word in the controversy, like the first, remains with the economists.

THE DEDICATED LIFE

Rectorial Address Delivered to the Students of the Edinburgh University, 10th January 1907

It is your custom to leave to the Rector freedom of choice in the subject of his address. I take this freedom to mean that he may, within well-understood limits, turn to the topics that interest him most and to the things that he would fain speak of. With me it has happened that the personal history of the thirty-four years that have passed since I entered this University as an undergraduate has been the story of the growth and deepening of a conviction. It is this conviction that I shall to-day seek to put into words. I shall ask you to bear patiently with me while I strive to express it.

What at present occupies my time is public business, and it is my daily task, in conducting that business, to remember and to remind others that the end which the State and its members have to strive after is the development of the State. No such development can be genuine unless it stands for progress in the realisation of some great purpose. It is a truism, and yet a much-forgotten truism, to say that such purposes cannot be great if they are narrow. The ends aimed at by those engaged in public affairs must be based on foundations both wide and sure; but no foundations are wide or sure unless they are such that all the world can be legitimately asked to accept them as foundations. Such a test leaves room for abundance of healthy party

difference and criticism, but it insists on that without which there cannot be real stability. The foundation of purpose in the State, through all changes of party policy, must, if the national life is to grow permanently and not diminish, to prosper and not to fade, be ethical. A nation can insist on its just rights and on due respect from other nations, and yet seek to understand and meet their efforts after their own development. A certain cosmopolitanism is of the essence of strength. It is not brute force, but moral power, that commands predominance in the world. That it is so becomes more and more plain as civilisation at large progressively emerges from barbarism, and other nations increase in capacity to acquire and to rule. In the result it is the voice of the majority of the States of the earth that must determine which of them can be trusted to occupy the foremost places as trustees for the rest. Armaments, of course, tell, but even the most powerfully-armed nation cannot in these days hold its own without a certain measure of assent from those around. And perhaps the time is near when armaments will count for so much less than is the case to-day, that they will tend to diminish, and ultimately to become extinct. I am not so sanguine as to think that the good impulses of even what I firmly believe to be the majority of men will prove the sole or even the proximate influence in bringing this about. The appallingly increased effectiveness of the means of destruction, to which the advancing science of war is yearly adding, and the accompanying increase in the burden of cost, are progressively cogent arguments. The whole system tends to work its way to its own abolition. What can most help and give free scope to this tendency is the genuine acceptance by the nations of a common purpose

of deliverance from the burden—a purpose which the necessities of their citizens ought surely to bring, however slowly, into operation.

It is not, therefore, merely after brute power that a nation can in these days safely set itself to strive. Leadership among the peoples of the earth depends on the possession of a deeper insight. In national as in private life the power of domination depends on individuality—the individuality that baffles description and much more definition, because it combines qualities that, taken in isolation, are apparently contradictory. Among the States, as among their private citizens, the individuality that is most formidable is formidable because of qualities that are not merely physical. It commands respect and submission because it impresses on those with whom it comes in daily contact a sense of largeness and of moral and intellectual power. Such qualities may and generally do carry with them skill in armaments. This, however, is a consequence, and not a cause. It was the moral and intellectual equipment of Greece and Rome that made them world-powers. So it has been with Japan in our own time. And without moral and intellectual equipment of the highest order no nation can to-day remain a world-power. The Turks, who in the sixteenth century were perhaps the most formidable people in Europe, are a case in point.

But if it be so, then the first purpose of a nation—and especially, in these days of growth all round, of a modern nation—ought to be to concentrate its energies on its moral and intellectual development. And this means that because, as the instruments of this development, it requires leaders, it must apply itself to providing the schools where alone leaders can be adequately

trained. The so-called heaven-born leader has a genius so strong that he will come to the front by sheer force of that genius almost wherever his lot be cast, for he is heaven-born in the sense that he is not like other men. But in these days of specialised function a nation requires many leaders of a type less rare—subordinates who obediently accept the higher command and carry it out, but who still are, relatively speaking, leaders. Such men cannot, for by far the greater part, be men of genius; and yet the part they play is necessary, and because it is necessary the State must provide for their production and their nurture. And here the history of the modern State shows that the University plays an important part. The elementary school raises our people to the level at which they may become skilled workers. The secondary school assists to develop a much smaller, but still large, class of well-educated citizens. But for the production of that small body of men and women whose calling requires high talent, the University alone, or its equivalent, suffices. Moreover, the University does more. For it is the almost indispensable portal to the career of the highest and most exceptionally trained type of citizen. Not knowledge, not high quality, sought for the sake of some price to be obtained for them, but knowledge and quality for the sake of knowledge and quality, are what are essential, and what the University must seek to produce. If Universities exist in sufficient numbers and strive genuinely to foster, as the outcome of their training, the moral and intellectual virtue, which is to be its own reward, the humanity which has the ethical significance that ought to be inseparable from high culture, then the State need not despair. For from among men who have attained to this level there will,

if there be a sufficient supply of them, emerge those who have that power of command which is born of penetrating insight. Such a power generally carries in its train the gift of organisation, and organisation is one of the foundations of national strength.

About the capacity to organise I wish to say something before I pass on. It is a gift of far-reaching significance. It is operative alike in private and in public life, and it imports two separate stages in its application. The first is that of taking thought and fashioning a comprehensive plan, and the second is the putting into operation the plan so fashioned. The success of what is done depends on the thoroughness of the thinking that underlies it. The thought itself is never complete apart from its execution, for in the course of execution it is brought to the test, and may even modify and refashion itself. The most perfect scientific treatise, the most finished work of art, has to a great extent become what it is only in the actual execution. And yet the result has in reality been but the development of what had to be there before the start was made. The greatest statesmen and the greatest generals are those who have adapted their plans to circumstances, and yet the capacity for forming plans in advance has been of the essence of their greatness.

Now, it often happens in organisation on a great scale that the work of fashioning the broad features of the plan is done by one man or one set of men, and the work of realising the ideas so matured by another. For any task that is very great, and must extend over much time, co-operation is essential. The thinker and the man of action must work in close conjunction, but they need not be, and generally cannot be, the same person, nor need they live at the same time. The history of perhaps

the most remarkable case of organisation based on culture—the case of Germany in the nineteenth century—is highly suggestive on this point. For the beginning of the story we must turn back to the beginning of the nineteenth century. After the Battle of Jena, Germany was under the heel of Napoleon. From the point of view of brute force she was crushed. In vain she shook at her chains; the man was too strong for her. But there is a power that is greater than that of the sword—the power of the spirit. The world was now to witness the "wonderful might of thought." Germany was weak and poor, and she had no Frederick the Great to raise her. But she had a possession that, even from a material standpoint, was to prove of far greater importance to her in the long run. Since the best days of ancient Greece there had been no such galaxy of profound thinkers as those who were to be found in Berlin, and Weimar, and Jena, gazing on the smoking ruins which Napoleon had left behind. Beaten soldiers and second-rate politicians gave place to some of the greatest philosophers and poets that the world had seen for 2000 years. These men refashioned the conception of the State, and through their disciples there penetrated to the public the thought that the life of the State, with its controlling power for good, was as real and as great as the life of the individual. Men and women were taught to feel that in the law and order which could be brought about by the general will alone was freedom in the deepest and truest sense to be found—the freedom which was to be realised only by those who had accepted whole-heartedly the largest ends in place of particular and selfish aspirations. The State obtained through this teaching a new significance in relation to moral order, and this new significance

began gradually to be grasped by the people. The best of them learned a yet further-reaching lesson, that none but the largest outlook can suffice for the discovery of the meaning of life or the attainment of peace of soul. It is not in some world apart that the infinite is to be sought, but here and now, in the duties that lie next to each. No longer need men sit down and long for something afar from the scene of their toil, something that by its very nature as abstract and apart can never be reached. The end is already attained in the striving to realise it. Faust at last discovered happiness at the very end of his career. But it was not an external good reached that made him for the first time exclaim to a passing moment, "Stay, thou art fair!" It was the flashing on his mind of a great truth: "That man alone attains to life and freedom who daily has to conquer them anew." The true leader must teach to his countrymen the gospel of the wide outlook. He must bid them live the larger life, be unselfish, be helpful, be reverent. But he must teach them yet more. He must fill the minds of those who hear him, even of such as are in the depths of national despair, with the sense of the greatness of which human nature is capable.

Such was the lesson taught to downcast Germany at the beginning of last century. It was taught by a succession of great men. The world has hardly before seen a formative influence so powerful brought to bear on the youth of a nation. Its strength lay in the wonderful combination, directed to a common end, of genius of the most diverse kind. In science, in philosophy, in theology, in poetry, in music, the Higher Command was given and obeyed, and the subordinate leaders, penetrated by great ideas, set to work animated by the same spirit. One notable result was the life

which, almost from the first, was breathed into the Universities of Germany. The new ideas dominated them, and they were to remain dominated by these ideas for nearly half a century. Along with a conception of the reality and importance of the State, which was of almost exaggerated magnitude, there grew up the reverent acceptance of the necessity of thought as a preliminary to action. The result was a tendency to organisation in every direction, and the rule of the organising spirit. This took hold as it had never before taken hold of any nation. The great thinkers and their disciples were quick to perceive that if Germany could not as she was rival France, with Napoleon as the leader of the French nation, she might yet evolve in course of time a military organisation to whose perfection no limit could be set. Scharnhorst and Clausewitz showed the way, and began the work which was to be completed by Moltke and Roon and Bismarck. But it was not to military organisation that the German mind turned first of all. The leaders saw clearly that education was the key to all advance, and they set to work to prepare for the education of the people. The work took sixty years to complete, but completed it was at last, with a thoroughness the like of which the world has hardly seen elsewhere. For again the spirit of organisation, of the systematic action which is based on preliminary and systematic thinking, was at work. The German scheme of education stands out to-day as a single whole, containing within itself its three great stages. As a triumph of the spirit of organisation it is unrivalled, excepting by that wonderful outcome of scientific arrangement, the German Army. And the means by which all these things were called into existence and brought about was chiefly the co-operation

of the University with the State in producing the men who were to lead and to develop the organisation.

Germany is to-day immersed in practical affairs. But she cherishes the educational and military institutions, of which the great figures of the early nineteenth century were the real founders. The development of her technical high schools and of her navy, under the brilliant leadership of the Emperor William II., shows that she has not lost the faculty which came to her through them. When the lesson of self-organisation is once learned by a people, it is not readily forgotten. The habit survives the effort that initiated it. But this has another side, the drawback of which must not be overlooked. Recent German literature points to effects of organisation on the history of German life other than those I have spoken of. When a leader of genius comes forward, the people may bow before him, and surrender their wills, and eagerly obey. Such was the response to the great German leaders of thought of a century since. But men like these dominated because they inspired, and lifted those they inspired to a new sense of freedom gained. To obey the commanding voice was to rise to a further and wider outlook, and to gain a fresh purpose. Organisation, were it in daily affairs, or in the national life, or in the pursuit of learning, was a consequence and not a cause. But this happy state of things by degrees passed, as its novelty and the original leaders passed away. It revived for a time later in its national aspect under the inspiration of the struggle for German unity and supremacy. But, so far as the lead in the region of pure intellect was concerned, the great pioneers had nearly all gone by 1832, and the schools of thought which they had founded had begun rapidly to break up. What did

remain were the Universities, and these bore on the torch. Yet even the Universities could not avert a change which was gradually setting in. After 1832 the source of the movement ceased for the time to be personality. A great policy had become merged in habit, and was now the routine of the life of the State. As a consequence, the deadening effect of officialdom had begun to make itself felt. To-day in Germany there are murmurs to be heard on many sides about the extent to which the life and freedom of the individual citizen are hemmed in by the State supervision and control which surround him, and which endure almost from the cradle to the grave. The long period of practically enforced attendance at the secondary school for him who seeks to make anything of life; the terror of failure in that leaving examination, to fail in which threatens to end the young man's career; the feeling that the effect on life of compulsory military service cannot be certainly estimated; the State supervision and control of the citizen in later days; all these are leading some Germans to raise the question whether a great policy has not been pushed forward beyond the limits within which it must be kept if initiative and self-reliance are not to be arrested in their growth. Where we in this country are most formidable as competitors with the Germans is in our dealings with the unforeseen situations which are always suddenly arising in national life, political and commercial alike. We are trained to depend, not on the State, which gives us, perhaps, too little help, but on ourselves. So it has been notably in the story of our Colonial development. The habit of self-reliance and of looking to nothing behind for support has developed with us the capacity of individual initiative and of rule in uncivilised surroundings in a

way which makes some reflecting Germans pause and ask whether all is well with them. They point to our great Public Schools and compare them with their own great secondary schools. They are, many of them, asking to-day whether the German gymnasium, with its faultlessly complete system not only of teaching but of moulding youth, really compares altogether favourably with our unorganised Eton and Harrow, where learning may be loose, but where the boys rule themselves as in a small State, and are encouraged by the teachers to do so. Thus, declare some of the modern German critics, are leaders of men produced and nurtured, with the result that they rule wherever they go, and that when they migrate to distant lands they love their school and their country in a way that is not possible for the German of to-day, who has not in the same fashion known what it is to rely on himself alone.*

I do not desire either to extol or to detract from the spectacle which our great commercial and political rival on the continent of Europe presents. She has to learn from us, as well as we from her. I would only point to the lesson she has taught us of the value of organisation and the part the Universities have played in it. Like all valuable principles that of the duty to organise may be ridden too hard, a danger, however, into which our national characteristics are not likely to let us fall. But let us turn from the contemplation of these ideals to the actualities of our Scottish University life, and glance at the possibilities which that life affords. You are, most of you, the sons and daughters of parents whose care has been that you should have the higher education. Riches were not

* *Cf.* Ludwig Gurlitt, *Der Deutsche und sein Vaterland*. Berlin. 1903.

theirs. Perhaps a struggle has been necessary in order to give you your chance. Some of the best of you strive hard to lighten the burden and to make yourselves self-supporting. Bursaries and scholarships and employment in private teaching are the aids to which many of you look. Most of you have to content yourselves with necessaries and cannot ask for luxuries, nor do the most eminent among you seek these. Learning is a jealous mistress. The life of the scholar makes more demand for concentration than any other life. He who would really live in the spirit of the classics must toil hard to attain that sense of easy mastery of their language which is vital to his endeavour. The mathematician and the physicist, who seek to wield the potent instruments of the higher analysis, must labour long and devotedly. To contribute to the sum total of science by original research demands not only many hours of the day spent in the laboratory, but, as a rule, vast reading in addition, and that in several languages. The student of philosophy must live for and think of little else before he can get rid of the habit of unconsciously applying in his inquiries categories which are inapplicable to their subject matter. For he has to learn that it is not only in practical life that the abstract and narrow mind is a hindrance to progress, and an obstacle in the way to reality.

And as it is with the finished scholar so it is even with the beginner. He is subject to the same temptations, is apt to be deflected by the same tendencies. Nothing but the passion for excellence, the domination of a single purpose which admits of no foreign intrusion, can suffice for him who would reach the heights. As the older man moulds his life in order that he may pursue his way apart from the distractions of the

commonplace, so it is with the best students in the University. They live for their work, and, as far as can be, for that alone. They choose their companions with a view to the stimulus of contact with a sympathetic mind. Social intercourse is a means to an end, and that end is the pursuit of the object for which the best kind of student has come to the University. His aim is to grow in mental stature and to enlarge his outlook. This he seeks after quite simply and without affectation, and the reason is that what he aims at is an end in itself, which he follows reverently and with single-minded devotion. I am speaking of men such as I used to observe daily in this University thirty years ago, and I doubt not—nay, I know—that the breed is not extinct, and that my native Scotland sends to-day to the portals of the old walls just such material as she did a generation since.

In no other way of life, not even in those which witness the busy chase after wealth and political power, is such concentration to be found as is required in the way of life of the genuine student. Whether he be professor or undergraduate the same thing is demanded of him. He must train himself away from the idea of spending much time on amusement unconnected with his work. His field of study may be wide; he may find rest in the very variety of what he is constantly exploring. But the level of effort must ever be high if he is to make the most of the short span of existence. Art is long, and Life is short. The night in which no man can work comes quickly enough to us all. The other day I read some reports which had been procured for me of the fashion in which the Japanese Government had provided for the training of the officers who led their countrymen to victory on the plains and in the

passes of Manchuria. There were recorded in these dry official reports things that impressed me much. In the first place, the Japanese explicitly base the whole of the training which they give to their officers on a very high code of ethics and of chivalry. To learn to obey is a duty as important as to learn to command. The future officer is taken while he is still young, and in his cadet corps the boy who is a born leader is systematically taught to submit to the command of him who may be feeble and even incompetent, but whom he is forbidden to despise. What is aimed at is to produce the sense that it is the corps as a whole for which the individual must live, and, if necessary, die, and that against this corps no individual claim ought to be asserted. Self-effacement, the obligation of truthfulness, devotion to the service of his nation, these are the ethical lessons in which the young Japanese officer is instructed with a thoroughness and a courage which, so far as I know, has no parallel in our time. He must rise early, abstain from luxuries, cultivate the habit of being always busy. Amusements, as such, seem to be unknown in the Japanese officers' school. Recreation takes the shape either of exercises of a kind which are useful for military purposes, or of change of studies. Whether any nation can continuously produce generation after generation of officers trained up to this high level I know not. What is certain is that such training has been practised in Japan during this generation. The result is to be found in the descriptions of those who were witnesses of the fashion in which the trenches of the Russians were stormed at Liaoyang and Mukden. I do not quote this case because it illustrates some extreme of the capacity of human nature. On the contrary, this kind of concentration has at all periods of the world's intellectual

history been demanded of and freely given by the scholar. We learn from his example that when once the highest motives become operative they prove the most powerful of all. Just as men will die for their religion, so history proves that they will gladly lay their entire lives without reserve on the altar of learning. One sees this much more frequently than is currently realised in the Universities themselves. Youth is the time of idealism, and idealism is the most potent of motives. The student who is conscious that his opportunity has been purchased for him, not merely by his own sacrifices, but by sacrifices on the part of those who are nearest and dearest, has a strong stimulus to that idealism. That is one of the sources of strength in our Scottish Universities, the Universities of which Edinburgh presents a noble type. I have myself witnessed, in days gone by, individual concentration more intense than even that of the Japanese officer, because it was purely voluntary concentratoin, and not of action merely, but of spirit. I have known among my personal friends in this University such dedication of life as rivalled the best recorded in the biographies. When the passion for excellence is once in full swing, it knows no limits. It dominates as no baser passion can, for it is the outcome of the faith that can move mountains.

To my mind, the first problem in the organisation of a University ought to be how to encourage this kind of spirit. Noble characters are not numerous, but they are more numerous than we are generally aware. In every walk of life we may observe them if we have eyes to see. Such nobility is the monopoly neither of peer nor of peasant. It belongs to human nature as such, and to that side of it which is Divine. We may seek

for it in the University as hopefully as we may seek for it elsewhere. When once found and recognised it is potent by its example. Hero-worship is a cult for which the average Scottish student has large capacity. And so it comes that it is not merely lecture-rooms and laboratories and libraries that are important. The places where those who are busy in the pursuit of different kinds of learning meet and observe each other are hardly less so. The union, the debating society, the talk with the fellow-pilgrim on the steep and narrow way, the friendship of those who are struggling to maintain a high level—these things all of them go to the making of the scholar; and we in the North may congratulate ourselves that they are in reality as open to us as is the case in the Universities of England and of the Continent. If the corporate spirit of the University life is not with us made manifest by as notable signs, it is not the less there. Ideas have been as freely interchanged, and ties between scholars as readily created, with us as in other Universities. The spirit needs but little surrounding for its development, and that little it finds as readily in the solitude of the Braid Hills as on the banks of the Isis or the Cam, in the walks round Arthur's Seat as in the gardens of Magdalen or of Trinity. It rests with those immediately concerned whether their intellectual and social surroundings shall suffice them or not. Certainly in the Scottish University of to-day there is no lack of either opportunity or provision for the formation of the tastes of the scholar and the habits of the worker. A man may go from these surroundings to devote his life yet more completely to literature, or science, or philosophy, or he may go to seek distinction in a profession or success in commerce. Lucretius has described him who chooses

the latter, and prefers the current of the world's rivalry to the scholar's life, in words which still seem to ring in my ears as I recall the figure of a great scholar—William Young Sellar—declaiming them to me and others, his reverent disciples, from the Chair of Humanity in this University many years since, in days when we were still full of youth, and were borne along on the flood-tide of idealism. The Roman poet declares that the lot of the man of affairs must be:

> "Errare atque viam palantis quærere vitæ,
> Certare ingenio, contendere nobilitate,
> Noctes atque dies niti præstante labore,
> Ad summas emergere opes rerumque potiri."

Still, it is not the spirit of haughty contempt which moved Lucretius to these stinging words that should be ours. It is not enough to declare with him that the scholar finds nothing so sweet as to look down on those engaged in the battle of life, himself securely entrenched within the serene temple of wisdom, and to watch them struggling. Rather does the University exist to furnish forth a spirit and a learning more noble—the spirit and the learning that are available for the service of the State and the salvation of humanity. The highest is also the most real; and it is at once the calling and the privilege of the teacher to convince mankind in every walk of life that in seeking the highest of its kind they are seeking what is also the most real of that kind. Whatever occupation in life the student chooses, be it that of the study or that of the market-place, he is the better the greater has been his contact with the true spirit of the University. At the very least he will have gained much if he has learned—as he can learn from the scholar alone—the intellectual humility that is born of the knowledge that teaches us our own limits

and the infinity that lies beyond. He will be the better man should he perchance have caught the significance of the words with which Plato makes Socrates conclude a famous dialogue: "If, Theætetus, you have a wish to have any more embryo thoughts, they will be all the better for the present investigation; and if you have none, you will be soberer and humbler and gentler to other men, not fancying that you know what you do not know." For the ends of practice as for those of theoretical study, for skill in the higgling of the market, for the control of great business organisations, for that swift and almost instinctive grasp of the true point which is of the essence of success at the Bar —for these and countless other situations in everyday life the precept of Socrates is of a value which it is difficult to overrate. It is the want of insight of the narrow mind that is the most common reason why apparently well-laid plans get wrecked. The University training cannot by itself supply capacity, but it can stimulate and fashion talent, and, above all, it can redeem from the danger of contracted views. Thus the University becomes a potent instrument for good to a community, the strength of which is measured by the capacity of the individuals who compose it. The University is the handmaid of the State, of which it is the microcosm—a community in which also there are rulers and ruled, and in which the corporate life is a moulding influence. And so we arrive at the truth, which is becoming yearly more and more clearly perceived, not here alone, but in other lands, that the State must see to the well-being and equipment of its Universities if it is to be furnished with the best quality in its citizens and in its servants. The veriest materialist cannot but be impressed when he looks around and sees

the increasing part which science plays year by year in the struggle of the nations for supremacy. It is true that mere knowledge is not action; but it must not be forgotten that the transition to successful action is nowadays from knowledge, and not from ignorance. Things are in our time too difficult and complicated to be practicable without the best equipment, and this is as much true of public affairs as it is the case in private life.

And now let us pass to yet deeper-going conclusions. If it be the ideal work of the Universities to produce men of the widest minds—men who are fit to lead as well as merely to organise—what must such men set before themselves? The actual is not merely infinite any more than it is merely finite. The merely infinite were perfect, but the eye of man could not behold it. Only in the daily striving to reach them, imperfect as that striving may seem, are life and freedom accomplished facts. The particular and the universal are not separate existences. Each is real only through the other. It is not in Nature, but as immanent in the self, finite as consciousness discloses that self to be, that we find God; and so it is that this great truth pervades every relation of life. "He who would accomplish anything must limit himself." The man who would lead others must himself be capable of renouncing. Not in some world apart, but here and now, in the duty, however humble, that lies nearest us, is the realisation of the higher self—the self that tends Godward—to be sought. And this carries with it something more. To succeed is to throw one's whole strength into work; and if the work must always and everywhere involve the passage through the portal of renunciation, be special and even contracted, then the only life that for

us human beings can be perfect is the life that is *dedicated*. I mean by the expression a "dedicated life" one that is with all its strength concentrated on a high purpose. Such a life may not seem to him who looks on only from outside to comprise every good. The purpose, though high, may be restricted. The end may never be attained. Yet the man is great, for the quality of his striving is great. "Lofty designs must close in like effects."

The first duty of life is to seek to comprehend clearly what our strength will let us accomplish, and then to do it with all our might. This may not, regarded from outside, appear to the spectator to be the greatest of possible careers, but the ideal career is the one in which we can be greatest according to the limits of our capacity. A life into which our whole strength is thrown, in which we look neither to the right nor to the left, if to do so is to lose sight of duty—such a life is a dedicated life. The forms may be manifold. The lives of all great men have been dedicated; singleness of purpose has dominated them throughout. Thus it was with the life of a Socrates, a Spinoza, or a Newton; thus with the lives of men of action such as Cæsar and Cromwell and Napoleon. We may well see their limits; theirs was the sphere of what is human, the finite. But they concentrated on the accomplishment of a clearly conceived purpose, and worked with their whole strength, and the greatest of them threw that strength into the striving after what was noblest. They may have perished before their end appeared accomplished in time, and yet they have succeeded. The quality of their work lay in the very striving itself. The end, a profound modern thinker tells us in a great passage, does not wait to be accomplished; it is always accom-

plishing itself. "In our finite human life we never realise or see that the end has in truth been reached. The completion of the infinite purpose is thus only the process of removing the illusion that it is not accomplished. The good, the absolutely good, is eternally working itself out in the world, and the result is that it is already there in its perfection, and does not need to wait for us."

The noblest of souls can find full satisfaction for his best aspirations in the sustained effort to do his duty in the work that lies at hand to the utmost that is in him. It is the function of education in the highest sense to teach him that there are latent in him possibilities beyond what he has dreamed of, and to develop in him capacities of which, without contact with the highest learning, he had never become aware. And so the University becomes, at its best, the place where the higher ends of life are made possible of attainment, where the finite and the infinite are found to come together. The wider our outlook, the more we have assimilated the spirit of the teachers of other nations and other ages than our own, the more will the possibilities of action open to us, and the more real may become the choice of that high aim of man, the dedicated life. We learn so to avoid the unconscious devotion of our energies to that for which we are not fit, and the peril of falling unconsciously into insincerity and unreality of purpose. We learn so to choose the work that is most congenial to us, because we find in it what makes us most keenly conscious that we are bringing into actual existence the best that lies latent in us. The wider outlook, the deeper sympathy, the keener insight, which this kind of culture gives, do not paralyse. They save him who has won them from numberless

pitfalls. They may teach him his own limits, and the more he has learned his lesson the more he will realise these limits. But they do not dishearten him, for he has become familiar with the truth that the very essence of consciousness and of life is to be aware of limits and to strive to overcome them. He knows that without limits there can be no life, and that to have comprehended these limits is to have transcended them. As for what lies beyond him he has realised that it is but as the height in front, which is gained only to disclose another height beyond. He is content with his lot if, and so far as he feels that in him too, as he seeks with all his strength to bring forth the best that is in him, and at the same time to be helpful to others, God is realising Himself.

Such, to my mind, is the lesson which it were the noblest function of the ideal University to set forth, and in this fashion does such a University help to give to the world leaders of men, in thought and in action alike. The spirit which it inspires brings with it the calm outlook which does not paralyse human energy because it teaches that it is quality and not quantity that counts, and that the eternal lies not far away in some other world, but is present here and now. For the man who has learned in this school the common picture of the future life becomes an image that has been raised to correct the supposed inadequate and contingent character of this one; and, as his insight into the deeper meaning of reality in this world grows, so he realises that his true immortality begins on this side of the grave. To feel himself infinite in his finitude, to learn to accept his closely-bounded life and task as the process in which the side of him that is touched by infinity becomes real, to be aware of the immanence of

the Divine in the humblest and saddest consciousness—this is the lesson which each of us may learn, the secret which the teaching of a true University may unlock for us; the teaching of a University, but not in the commonplace and restricted sense. In such a school we are instructed in the theoretical meaning of life as we can hardly be elsewhere. But this is not the only discipline by which we obtain deliverance from the burden of our ignorance, and are led to dedicate ourselves to noble ends. There is a lesson which ought never to be overlooked, and that is the necessity of suppressing the will to live. Before we can command we must learn to obey, and this also a true University life has to teach.

There is innate in the great mass of men and women an instinct of obedience to the Nature that is higher than their own. In the days in which we live mere rank does not awaken this instinct; in the Anglo-Saxon race the belief in the Divine right of kings has passed away. But even in this forgotten faith we have the spectacle of something that was symbolical of a deeper truth. Belief in God and submission to His will is the foundation of religion. Belief in the State as real equally with the individual citizens in whom it is realised and whom it controls, this is the foundation of orderly government. It is not a king as individual, it is a king as the symbol of what is highest in national life that to-day commands loyalty. The instinct of obedience shows itself here, but its real foundation resembles the foundation of that other obedience which is made manifest in the religious life. It is the tendency to bow before the truth, to recognise the rational as the real and the real as the rational. In the main, what is highest will assert its authority with the majority of mankind, and assert it in the end successfully. What is necessary, and what

alone is necessary, is that what is highest should be made manifest, and that for this purpose the mists of ignorance should be dispelled. The more the leader embodies the quality that is great, the wider and more complete will be his ultimate sway. Time may be required, the time that gives birth to opportunity, but the truth will prevail. History, and the history of religion in particular, furnishes us with an unbroken succession of witnesses to this conclusion. A leader may apparently fail, his doctrine may be superseded. But if in his period he has represented the best teaching which the Time Spirit could bring forth, his appeal has never been in vain. His victory may not have been complete until after his death. He himself may have been narrow and even fanatical. He may have given utterance to what seems to us, looking back with a larger outlook, to have been but a partial and inadequate expression of the truth. But the history of knowledge is no record of system cast aside and obliterated by what has succeeded it. Rather is the truth a process of development in which each partial view is gradually corrected by and finally absorbed into what comes after it. There may be, as elements in the process, violent revulsions—revulsions to what proves itself in the end to be as one-sided as that which it has superseded. But, taken over a sufficient tract of time, the process of knowledge in the main displays itself as one in which the truth has turned out to be a larger and deeper comprehension of what for the generation before was the best of which that generation was capable. Thus there is at all times a tendency for a new phase of authority to display itself—the authority which rests either on reason or on the instinct that the highest is to be sought beyond what belongs merely to the moment.

And the striving in which this tendency in the end takes shape appears in just a deeper meaning conferred on what is here and now. Sometimes even to a nation the revelation comes suddenly. It wakens from its dogmatic slumber, is wakened perhaps by the sense of impending calamity, and proves at a bound what is the measure of its latent capacity.

So it was with England under Cromwell, with France under Napoleon, with the United States under Washington, with Germany under the great leaders of the intellectual awakening of the nineteenth century. So it has been with Japan, the spectacle of whose new and rapid development has just been unrolled before the eyes of this generation. The awakening has come suddenly in such cases, and that awakening of thought and action has been in response to the Higher Command:

> "There are flashes struck from midnights,
> There are fire-flames noondays kindle,
> Whereby piled-up honours perish,
> Whereby swollen ambitions dwindle,
> While just this or that poor impulse
> Which for once had played unstifled,
> Seems the sole work of a lifetime,
> That away the rest have trifled."

In peace as in war history displays the irresistible nature of this Higher Command where it really has made itself manifest. He who wields it may be humble. If the Divine fire of genius has inspired him, no barrier can hold him from the highest recognition—that recognition which is founded on the popular conviction that, at last, in this particular sphere of thought or of action, the truth has been made evident.

Sometimes—perhaps more often than not—this Command is wielded, too, by no single man. It may take the form of a great doctrine—the foundation of a

penetrating faith, inculcated and enforced by a group of leaders in co-operation, no one of whom would have been great enough to be the head of a nation. This was so with Germany at the commencement of the last century, and it would seem to have been so in the recent instance of Japan. The conclusion is that, given an inspiring faith, moral or intellectual, and a sufficiency of men imbued with it and fit to teach and to preach it, no nation need languish for want of a single great leader. The Higher Command is there all the same; it is only differently expressed and made manifest. Here, then, it has for long seemed to me, lies the true and twofold function of the University. It is a place of research, where the new and necessary knowledge is to be developed. It is a place of training, where the exponents of that knowledge—the men who are to seek authority based on it—are to be nurtured and receive their spiritual baptism.

Such a University cannot be dependent in its spirit. It cannot live and thrive under the domination either of the Government or the Church. Freedom and development are the breath of its nostrils, and it can recognise no authority except that which rests on the right of the Truth to command obedience. Religion, art, science—these are, for the body of teachers of the true University type, but special and therefore restricted avenues towards that Truth—many-sided as it is, and never standing still. It was Lessing who declared that were God to offer him the Truth in one hand and the Search for Truth in the other, he would choose the Search. He meant that, just as the Truth never stands still, but is in its nature a process of evolution, so the mind of the seeker after it can never stand still. Only in the process of daily conquering them anew do we, in this

region also, gain life and freedom. And it is in the devotion to this search after the Most High—a search which may assume an infinity of varied forms—that the dedicated life consists; the life dedicated to the noblest of quests, and not to be judged by apparent failure to reach some fixed and rigid goal, but rather by the quality of its striving.

I know no career more noble than that of a life so consecrated. We have each of us to ask ourselves at the outset a great question. We have to ascertain of what we are really capable. For if we essay what it is not given to us to excel in, the quality of our striving will be deficient. But, given the capacity to recognise and seek after what is really the highest in a particular department of life, then it is not the attainment of some external goal—itself of limited and transient importance—but in earnestness and concentration of effort to accomplish what all recognise to be a noble purpose, that the measure of success lies. So it was with Browning's *Grammarian*. Men laughed at him while he lived. That did not matter. In the end they bowed their heads before him, and when his life was finished laid him to rest in the highest place they knew. For they saw the greatness of spirit of the man who chose what he could best accomplish, limited himself to that, and strove to perfect his work with all his might.

If its Universities produce this spirit in its young men and women, a nation need not despair. The way is steep and hard to tread for those who enter on it. They must lay aside much of what is pleasant and commonly sought after. They must regard themselves as deliberately accepting the duty of preferring the higher to the lower at every turn of daily existence. So only can they make themselves accepted leaders;

so only can they aspire to form a part of that priesthood of humanity to whose commands the world will yield obedience.

There is a saying of Jesus with which I will conclude this address, because it seems to me to be, in its deepest interpretation, of profound significance for us, whose concern is for the spirit of this University and for its future influence: "Not every one that saith unto Me, Lord, Lord, shall enter into the kingdom of heaven; but he that doeth the will of My Father which is in heaven."

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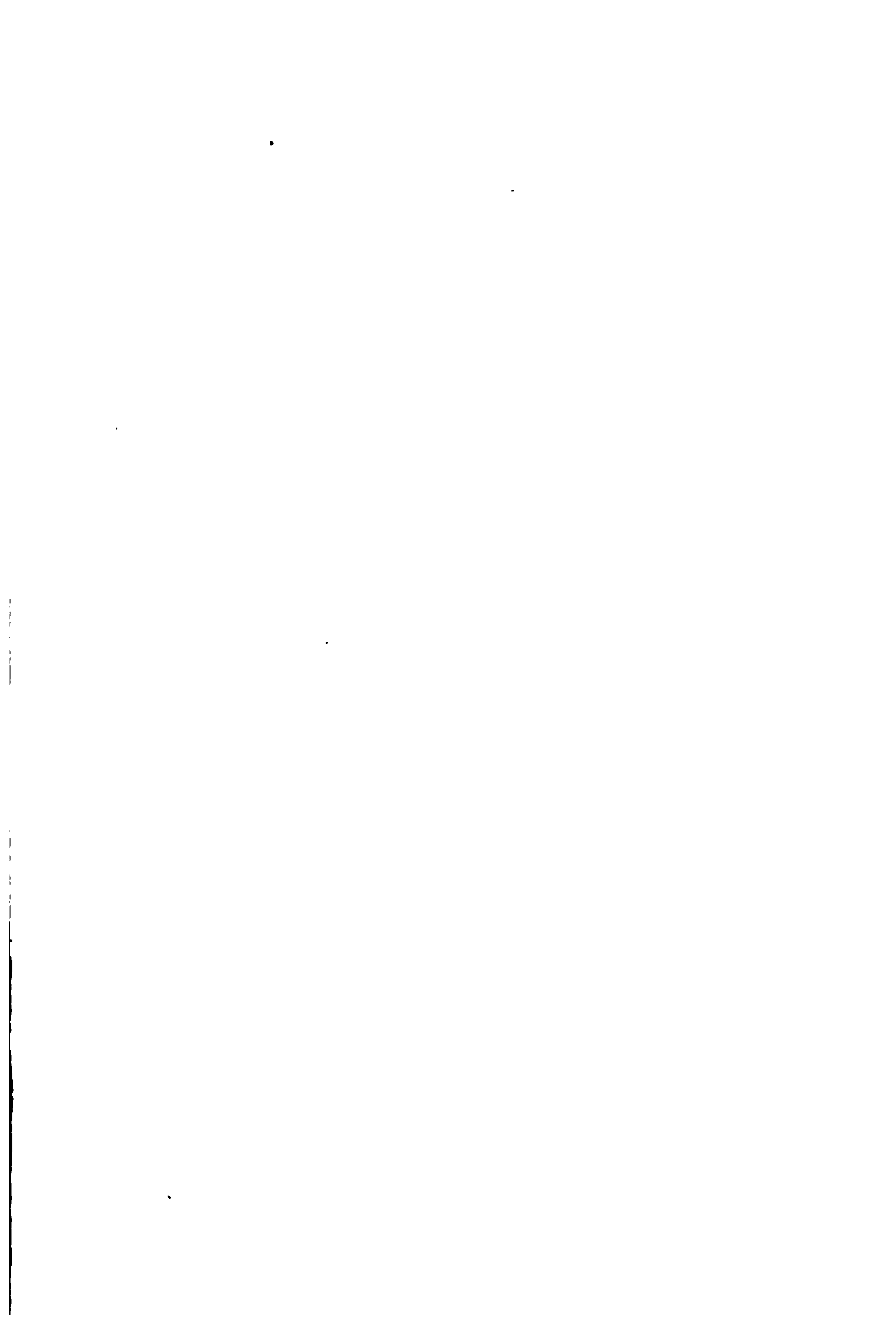

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